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1 Introduction

In this chapter the authors will introduce the reader to the background of the subject studied in this thesis. Furthermore, a discussion of the problem and a formulation of the purpose will be given. This section will conclude with an introduction to the method and the literature choice.

1.1 Background

In order to maintain a competitive position in the market, companies need to create an environment of sustained value creation. This can be achieved through growth. Growing companies basically have two choices: expand internally, known as organic growth, or expand externally by a merger or acquisition (M&A), also called inorganic growth. According to Hitt (2001), the later mentioned approach has clearly become one of the most important strategies in the new millennium.

Mergers and acquisitions have existed ever since the beginning of 19th century, when the first industrial corporations began (Rydén, 1971). According to Rydén, there are no statistics available about the M&As in Sweden for that time, but one can assume that the strategies were applied by Swedish companies as well. During the last 15 years, mergers & acquisitions have increased exponentially. In 1998 and 1999 there were more M&As around the world than ever before. Many of them were mega mergers[1] but many small and medium sized enterprises (SMEs) were also merged or acquired. As the stock markets reached their peak in March 2000, the mergers and acquisitions started declining (Weston, 2001). According to the Swedish business paper, *Affärsvärlden* (2005), when the stock market prices increases, meaning that it is a bull market, companies rush to merge or acquire other companies while they tend to stay away from these activities when the stock prices are declining. In an article published in 1995 it was stated that if the stock market prices keep increasing, the number of listed companies on the Stockholm Stock exchange (hence OMXS) will decrease the same year as a result of the acquisitions.

The present mergers and acquisitions are a part of what is called the fifth merger movement (Figure 1-1). This merger movement started in 1993 and is characterized by strategic mega mergers. Also, the fifth merger movement has been the result of a desire to achieve economies of scale and/or scope and market power in order to increase competitiveness in global markets (Weston, 2001). Unlike those of the 1980s, the current mergers are financed primarily with corporate stock, not borrowed money. Today, M&As are an everyday event in any business market, anywhere in the world, based on long-term strategic and economic motives. The phenomenon of acquisitions as a way of growing is unmistakably becoming a corporate-strategy of the highest priority (Hitt, 2001).

[1] Mega mergers are mergers with purchase prices exceeding $1 billion, (Hitt, 2001).

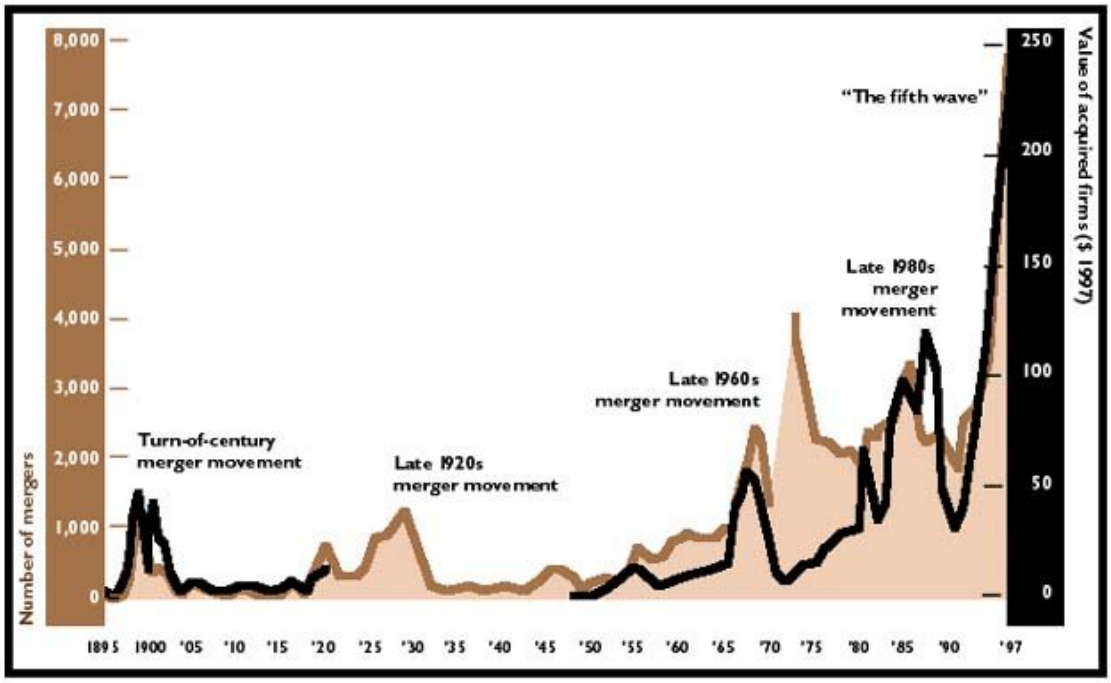

Figure 1-1 M&A outbreak, 2005.

Usually when a company is mature, the growth will fall and the company will lose market shares to its competitors (Dagens Industri, 2003). Through a merger or acquisition the company can for example, get access to new markets, knowledge and technology (Bild, 1998).

AstraZeneca is one example of a Swedish-British merger, carried out in 1999. Together, Astra and Zeneca built one of the largest medical companies in the world. The two businesses complemented each other and the merger meant a world leading product- and R&D program (Affärsvärlden, 1999).

Synergy effects are the most common motive for mergers and acquisitions. These effects appear when two companies together, perform better than what they would have separately. As shown in equation 1-1, when the value created by company A and B together is greater than the value created by company A plus company B, there exist synergies (Ross, Westerfield & Jaffe, 2005).

$$V_{AB} > V_A + V_B$$

Equation 1-1 Synergy (Ross et al., 2005, p. 802).

Moreover, synergy effects are important when deciding the price for an acquisition. Often the acquiring company pays a premium price to the acquired firm (Ross et al, 2005). The difference between the price for acquiring a target firm versus the estimate made of its value before the acquisition is called the premium (Burton & Kaliski, 2001). If the synergy effects exceed this premium there will be an increase in the shareholder value (Hitt, 2001). According to Bild (1998), ultimately, the underlying motive for any merger or acquisition is to create an increase in shareholder value.

1.2 Problem statement

According to Heinstedt, when there is a boom in the market, the stock – exchange quotation takes a certain movement and the number of acquisitions that are made increases (Kvarntorp, 2005).

According to Mueller (2003) merger waves have a clear correlation with the stock market prices and economical activities. This study was conducted on the U.S. market, however similar research has been done in the U.K. and the same results were obtained.

The authors also, have the interest to examine the link between acquisitions and the OMXS index. However, to the author's knowledge, there are no earlier studies regarding this topic on the Swedish market.

Mergers and acquisitions are an essential route for a great number of companies in Sweden. During the last ten years there have been 165 takeovers of Swedish companies listed on the A-list[2] and the O-list[3] on the OMXS (Affärsdata, 2005). The OMXS index is an reflection of stock price performance from A-and O-listed companies.

Taking the previous discussion into consideration, the first question the authors want to examine is the following:

- *Is there a relation between the number of bids and the OMXS index?*

This thesis will also focus on the difference between the market value of the target firm and the price paid by the acquiring firm, more specifically, the acquisition premium.

According to Formisano (2003), in almost all acquisitions the price paid by the acquiring firm tends to be much higher than the market value of the target firm before the bid. It is a simple rule, the more money a firm is willing to pay comparing to the market value of the target firm, the more hidden benefits (also called synergies) there seem to be for the acquiring firm (Formisano, 2003).

Valuation of the potential synergies is an essential process for any firm, given that it most likely will have a great impact on the price. Factors that contribute to a higher premium other than the synergies are, for example, if there are multiple bidders for a takeover, if the acquisition is a strategy by managers to increase the firms' dominance in the market or if the acquisition is hostile[4] (Hitt, 2001).

Looking at earlier acquisitions on the Swedish market, premiums have reached higher than 100 per cent of the market value of the target firms, and in one particular case it reached as high as 167 per cent. This occurred in 2001 when TMP Worldwide Inc. acquired Jobline International. Jobline, a company that was listed on the O-list on the OMXS, was a leading corporation in online recruitment advertising on the European market. TMP, a company within the same industry, had the desire to expand its corporation into the European market and was determined to take over Jobline. During 2001, Jobline was making big losses

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[2] A-list: list containing large companies with at least 2000 shareholders and 25% equity owned by the public (Wramsby & Österlund, 2002).

[3] O-list: list containing companies with at least 300 shareholders and 10% equity owned by the public (Wramsby & Österlund, 2002).

[4] Hostile takeovers refers to when the border of directors of the target company are opposed to the acquisition (Hitt, 2001).

and TMP saw this as a great opportunity to make a bid. The reason why the premium was so high is that at the time of the bid, the stock price for Jobline was very low, causing a great difference between the bid price and the market value (Dagens Industri, 2004).

Following the above discussion, the authors want to examine:

- *Is there a relation between acquisition premiums and the OMXS index?*

The methods for payment in an acquisition vary from pure cash to exchange of stock and there are cases where firms pay by combining both cash and stocks. The general rule is that larger acquisition transactions are paid with stocks while a lower amount of money is exchanged in cash (Weston, 2001).

According to Vindegård, spokesperson at OMXS, when expectations about profits increase, the stock market prices will increase as well, since people tend to buy more stocks at this point in time (L. Vindegård, personal communication, 2005-12-09). Gugler, Mueller & Yurtoglu (2005) discuss the fact that firms with overvalued stocks have no other choice than exchanging them with other overvalued stock through, for example, a merger or acquisition since any other activity would arise the awareness of the overvalued stocks in the market and an immediate correction will take place. Thus, the final question the authors will examine is the following:

- *Is there a relation between means of payment and the OMXS index?*

The authors find these questions significant since an analysis of the relation between the number of acquisition bids and the condition of the market can shed some light on the influence the stock market has on acquisitions. In addition, examining the link between the premium, the means for payment and the OMXS index will create a greater understanding for the complexity of acquisitions.

1.3 Purpose

The general aim of this thesis is to examine acquisitions on the Swedish market in order to estimate the relation between the OMXS index and the number of acquisition bids, the acquisition premiums and the means of payment.

1.4 Delimitations

There are three different methods for a takeover; acquisitions, proxy contests, and going-private transactions (Ross et al., 2005). Acquisitions have three element; merger or consolidation, acquisition of stock, and acquisition of assets. This thesis will focus on acquisitions and disregard one of its elements, consolidation and instead limit the research to acquisition of stocks, acquisition of assets and acquisition through merger. Furthermore, the scope of this study will be delimited to Sweden and the OMXS. In this specific market only companies in the OMXS A-listan (henceforth referred to as A-list) and O-listan (O-list) will be included. The last delimitation for this study is a time span from 1994 until 2004. This specific period is chosen as it is within the fifth merger movement.

1.5 Basic method

According to Trost (2005), the purpose of a thesis has a decisive influence on which method that should be used. The chosen method will permeate the entire thesis (Ejvegård, 2003). Therefore, a short introduction to the method used in this thesis will be presented in this section.

Patel and Davidson (1994) argue that there are basically two alternative approaches, the qualitative and the quantitative approach. The qualitative method provides a deeper knowledge than the quantitative method. It is characterized by subjectivity and is based on soft figures that can be analyzed to answer questions about why things are in a specific way. The quantitative method on the other hand is more objective and primarily used to measure different kinds of data, by for example, using samples. Furthermore, this method usually delivers more general conclusions; because details are neglected since a large amount of elements are studied (Hussey & Hussey, 1997).

In order to fulfill the purpose of this thesis the authors will use the quantitative approach. The quantitative data is often seen as reliable data since many users prefer data that is based on large selections (Trost, 2005). In this study, a large number of acquisitions need to be included in the data in order for the authors to draw a general conclusion regarding the dynamic world of M&As. This means that the authors will only present numerical data and exclude all other qualitative information with emotional nature. The qualitative method does not fit the purpose of this thesis since it according to Hussey & Hussey (1997), is a method that should be used when one wants to explain why something occur. Furthermore, the authors will use secondary data and a combination of deductive and abductive approach in order to fulfill the purpose of this thesis.

The different stages of the process for conducting this study as well as the choices made by the authors in order to apply accurate methods for collecting and analyzing data are explained in Figure 1-2. Further explanation and justification for the different methods will be presented in the method chapter (Chapter 3) of the thesis.

Figure 1-2 shows that the authors started this study with a preliminary research with reference to the chosen subject, and from this knowledge a problem discussion and a purpose were outlined. At the same time, the authors decided the basic methods that would be used to conduct the study.

While in-depth knowledge about the subject was obtained, the formulations of the problem and the purpose were adjusted and delimitations were formulated in order to make this study as accurate as possible. During this period, the choice of method was formulated leading to a clear idea on how to perform the empirical research. Consequently, the data collection began and after compiling the relevant data the authors began analyzing the data by using the chosen statistical methods.

Throughout the process of analyzing the results, the authors used the in-dept knowledge gained from the literature research and a conclusion was drawn in order to accomplish the purpose of this research.

When the study was completed, it was easy to look back at the process in order to reflect upon other paths that could have been chosen. Moreover, ideas regarding further research were gained.

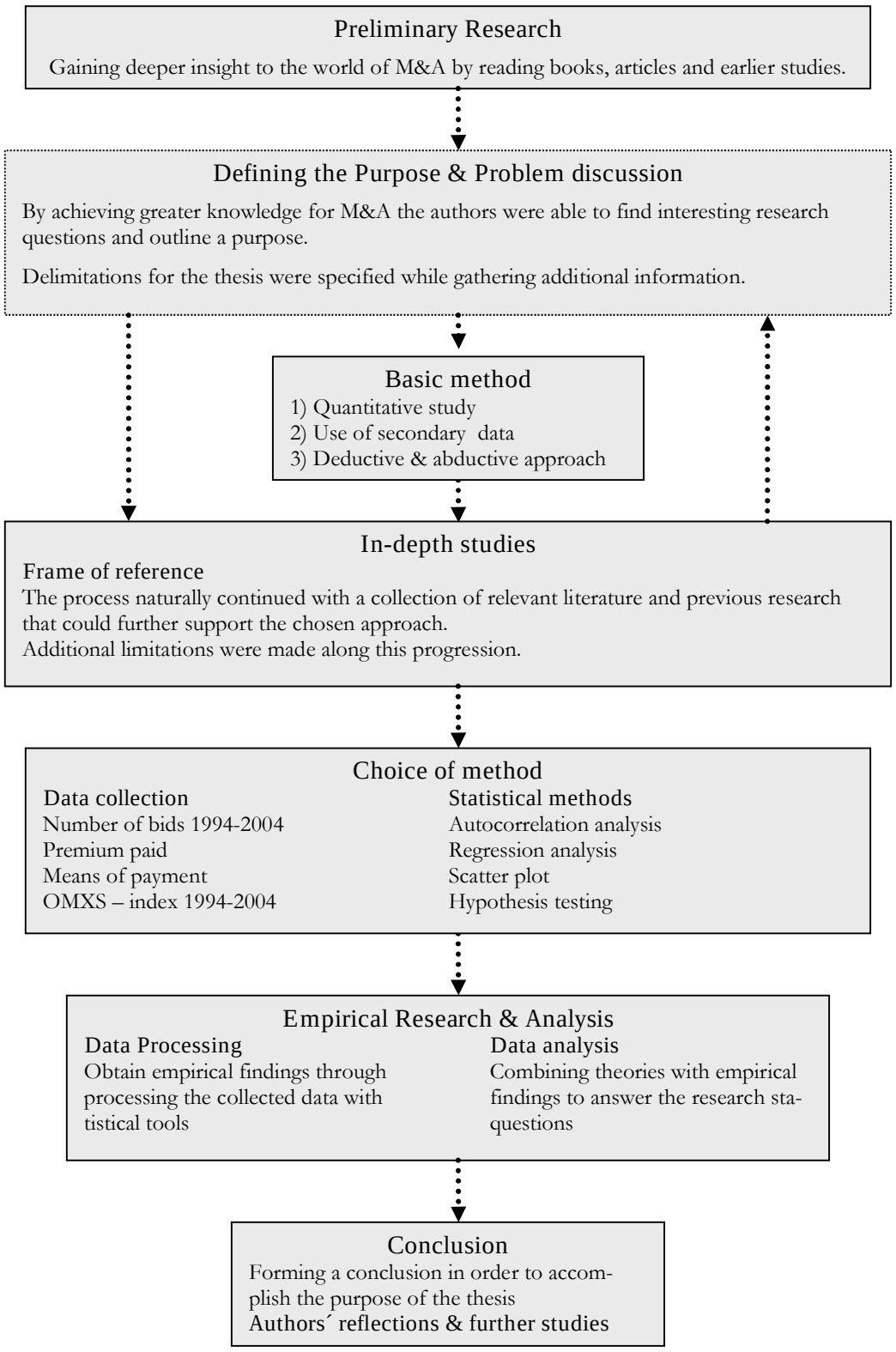

Figure 1-2 The Process for conducting the study

1.6 Literature study

Writing a thesis is a process that starts long before anything is put on paper. Before writing this thesis, the authors´ knowledge about M&As was limited, thus, it was needed to approach the subject with an open-mindedness of where to find relevant information.

In order to create a frame of reference, in-depth knowledge about the chosen subject is needed (Figure 1-2). Literature regarding market efficiency, market conditions, methods for acquisitions, synergies, and premiums has been studied.

The authors used textbooks, other research thesis's, internet web pages, articles, and databases to find a suitable theoretical base. It is important to use relevant search words in order to find the best available literature (Ejvegård 2003). The ones used most frequently during the literature study of this thesis are the following: M&A, synergy, bull, bear, market efficiency, premium and takeover bid. The database used most often was the *Ebrary*, a large collection of works in an electronic library. Also, other databases such as *Affärsdata*, *Julia*, *Libris*, and *Diva* were used. Moreover, a reference book, *Börsguide* was used in order to locate the companies that have been deregistered from the A- and O-list. Most of the information was found in the library of Jönköping University. Search engines such as *Google* and *AltaVista* were also used and articles about M&As from *TT Nyhetsbyrån*, *Direkt*, and *Waymaker* were studied in order to complete the literature studies with recent journal articles.

2 Frame of Reference

This chapter presents theories and figures which will provide the reader with additional knowledge about M&As as well as other theoretical information relevant to the purpose. The chapter will provide a further understanding for the chosen subject and act as a foundation for the collection of empirical data and analysis.

2.1 Market Efficiency

The efficient market hypothesis (EMH) implies that the share price mirrors all the information available in the market. If new information is presented, it will rationally and immediately be reflected in the stock price (Fama, 1991). The hypothesis basically says that in an efficient market, abnormal results will be impossible to attain. According to EMH, as prices respond only to information available in the market, and, because all market participants are privy to the same information, no one will have the ability to out-profit anyone else. Thereby, it is not attainable to predict future information, and thus, it becomes impossible to predict future share prices (Fama, 1991).

There are three different classifications of the EMH, which are aimed at reflecting the degree to which it can be applied to markets.

1. *Strong efficiency* – This is the strongest degree. It states that all information in a market, whether public or private, is accounted for in the stock price, including insider information.

2. *Semi-strong efficiency* – This form implies that all public information is calculated into a stock's current stock price.

3. *Weak efficiency* – This type claims that all past prices of a stock are reflected in today's share price (Fama, 1991).

Studies concerning the efficiency of markets, especially USA, shows that the American market is in the form of semi-strong efficiency. It is assumed that the Swedish market has great resemblance with the U.S. market and therefore the Swedish market can be regarded to be efficient in the same sense as the U.S. market (Wramsby & Österlund, 2002).

2.2 Bull- and bear markets

Identifying cycles in a financial market is highly important for investors as an analysis of the market condition is used as a tool for foretelling possible changes in price movements (Power, 2001). An investor should stay updated on whether his/her savings, spending and investments are in line with the business cycles, or whether there is inconsistency (Dagnino, 2001).

Cycles in the financial market consist of both upward and downward trends. Bull markets are characterized by a market condition with rising prices for securities (Figure 2-1). This condition also holds when prices are *expected* to rise. Bull markets are often used in relation to the change in stock markets except it also concerns currencies, commodities and bonds

as well. The price of everything that is traded is a function of a bull market (Burton & Kaliski, 2001).

Economic recovery, economic boom and investor psychology are often followed by a bull market. Investors in a bull market tend to be optimistic about future results and their intention is to profit from this market condition. Financial analysts constantly try to predict price changes in the market but this is an almost impossible task as psychological effects from investors usually play a dominant role in the markets (Burton & Kaliski, 2001).

The reverse condition of a bull market is naturally a market with decreasing prices, namely a bear market (Powers, 2001). A bear is an investor who trusts that the market prices are declining and intends to profit from this condition (Burton & Kaliski, 2001).

This investor will either try to seize an opportunity to purchase securities at a low price or enforce an investment that gives the right to sell stocks at a given date and for a right price, namely options or forwards (Plummer, 2003).

When a bull trend is approaching, investors worry about making financial losses. At the same time there is a concern of missing out on profits among investors in a bear market. The greed among the bears prevents them from selling too much of their investment (Plummer, 2003).

Bull Market	Bear Market
Bar graph of daily prices are above 200day moving average.	Bar graph of daily prices are below 200day moving average.
Interest rates are steady or declining.	Interest rates are increasing.
Unemployment numbers are increasing.	Unemployment numbers are dropping.
Inflation is steady or dropping.	Inflation is on the rise.
Earnings reports show increases compared to last year, same quarter.	Earnings are declining when compared to previous year.
Advance/ decline line is consistently positive (more winners than losers).	Advance/ decline line is negative (more losers than winners).
Market closes at the high for the day.	Market sells off toward the close, or at the lows for the day.
Strong volume on up days, and rallies for several days in a row.	Weak volume on up days. Big vol. on down days.
Trend line is clearly positive.	Trend line is clearly negative.

Table 2-1 Characteristics of Bull and Bear Markets (Fontanills, 2001 p.115).

In order to understand the economical condition in Sweden during 1994 until 1996, one must recognize the situation between 1990 to 1992. In 1991, the Swedish crown was tied to the European Union's currency unit, ecun, to be able to, among other things, break the inflation. Not long after, the business cycle started decreasing, resulting in dropping inflation. The nominal rate of interest, however, was still high leading to rising real rate of interest.

Furthermore, a massive taxation reform was carried out during 1990-1991, contributing to the increase of real rate of interests after tax for the households. The outcome was that the households stopped taking loans, and started paying off their debts, resulting in decreases in demand and increases in unemployment. At this time, the real-estate prices started declining and crashed after a short period. When this happened the banks had large credit losses. Many Swedish banks were on the verge of bankruptcy and the budget deficit kept increasing. This is when the Swedish government entered, helping the banks and cleared up the inflation, but they could not resist the market situation and had to let the Swedish crown become flexible in November 1992. From this point forward, the Swedish financial policy was tightened and the system was cleared up and reconstructed until 1996 (Södersten, Andersson, Bergman, Ekholm, Eklund, Hakkala, Holmlund, Jacobsson, Kokko, Lybek, Norrman, Schön, 2000).

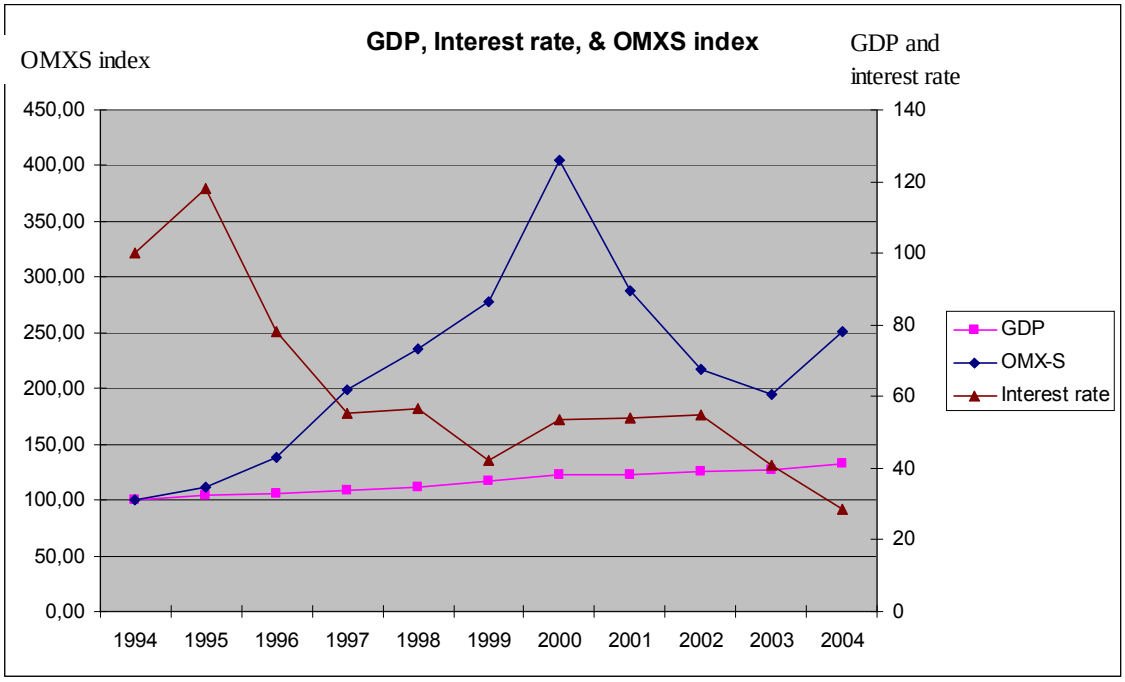

Figure 2-1 Bull- and Bear markets in Sweden (Konjunktursinstitutet.se, 2005)

According to Dagnino (2001) economic growth leads to higher interest rates and this causes a negative effect on stocks. A rise in interest rates leads to a decrease in the growth of money supply and stock prices. As shown in Figure 2-1, this was the case in 1994 until 1997 when the interest rate was very high in the beginning of 1994, and even higher in 1995, before it started decreasing as the OMXS index improved.

When the Asia crises occurred in 1997, the international business cycles were affected resulting in some effects on the OMXS index and a decrease in demand (Björklund, 1998).

The largest and most recent event in the stock market history was the IT boom and subsequent crash in the latter part of the 1990's. A simplified version of the episode is that technological firm's stocks began to rise abnormally fast, even though most of them had not generated any profit at all. Following this, the hype of all IT companies really began and the performance of the majority of stocks was based on speculation. This, however, were prone to dissolve. And by March 2000, the fall began, and it held on for years until the begin-

ning of 2003, when it started to grow again (Affärsdata, 2001). The progress and decay of the stock market in those years are depicted in Figure 2-1.

Sweden's economical development is controlled by the international development, but in the short-run it is mainly the European and the American economy that have an effect on the Swedish economy. The international business cycle has during the last ten years been favorable for the Swedish economy. Still, Sweden has not recovered from the earlier loses, and is still on the 13-14th place raking of the 30 OECD-countries (Hägglund, 2004).

During the last ten years, Sweden has had an average economical growth of 2, 9 percent per year. Comparing this number with EU-15, Sweden has exceeded it with 0, 8 percent. Many argue that the high growth is partly because of the fact that Sweden decided not to enter the Monetary Union, while countries like France, Germany, Italy and Spain lost growth doing so (Hägglund, 2004).

Economic growth can be measured by using the gross domestic product (GDP). GDP is the total value of services and goods that are produced in a country during a particular time period plus net exports. The periods vary from a yearly period to quarterly and monthly (Burton & Kaliski, 2001).

There are three diverse methods for measuring GDP. The nominal GDP is the market value of all goods and services that are produced in a country. This is affected by price movements, and another measure for the GDP where the prices are held constant, is the real GDP. The third measure for total output is potential GDP and it consists of the maximum output that can be produced in a country during a given period. The maximum output is calculated without any influence by pressure for rising prices (Dominick, 2003).

According to Nieh (2003), the entire macroeconomic fundamentals share the common trends with M&A activities in the long run. In the short-run, the GDP has the strongest interrelationship with M&As, while the stock price takes the second place. Overall, the economic circumstances influence the waves of M&A.

2.3 Methods of acquisition

The term takeover is a general and imprecise term referring to the transfer of control of one group of shareholder to another. According to Näringslivets Börskommite (NBK) (2003) rules for public takeovers, normally 90 % is required, but technically, a majority is enough, i.e. 51 %. This can be done through three methods; acquisitions, proxy contests, and going-private transactions (Figure 2-3).

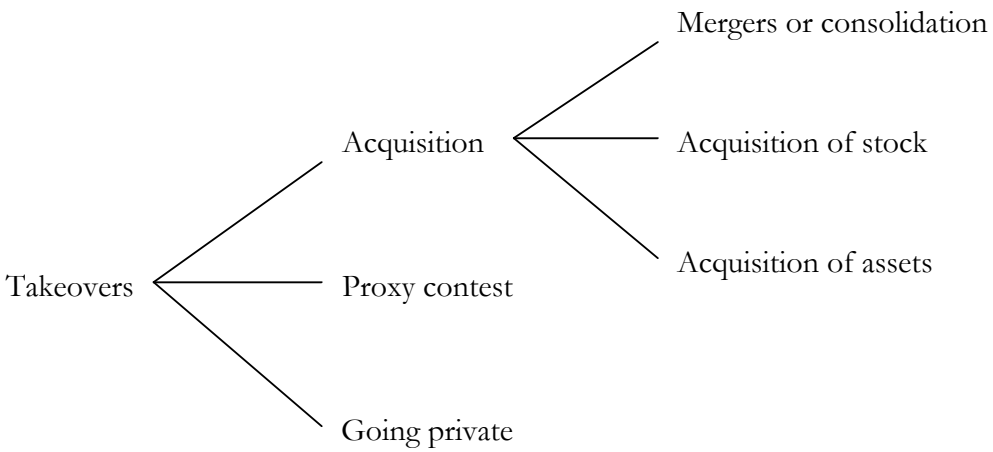

Figure 2-3. Acquisition activities (Ross et al. 2005, p. 845).

A proxy contest is an attempt to gain control of a firm by soliciting a sufficient number of stockholder votes to replace existing management (Ross et al. 2005). An example is when PeopleSoft sent proxies to their shareholders, urging them to vote for the boards nominees of management and reject Oracle's hostile takeover offer (Privata Affärer, 2004). When a firm is going private all of the equity shares of a public firm are purchased by a small group of investors. Often, the group includes members of the current management. This is also called a leveraged buyout (LBO), because a large sum of the money needed to buy up the stocks is usually borrowed, hence the leverage (Ross et al. 2005).

However, the main focus in this study is limited to acquisitions; there are three elementary procedures that a firm can employ when acquiring another firm; (1) merger or consolidation, (2) acquisition of stock, and (3) acquisition of assets, depicted in Figure 2-3 (Ross et al. 2005).

2.3.1 Merger or Consolidation

A merger is absorption of one firm by another. The acquiring firm keeps its name and identity, and it attains all of the assets and liabilities of the acquired firm. After a merger, the acquired firm ceases to exist as a business entity (Ross et al. 2005, Olve, 1988).

A consolidation works the same way as mergers, except that a whole new business entity is created. In a consolidation, both firms terminate their previous legal existence and become part of the new firm. The characteristic between the acquired and acquiring firm is insignificant (Ross et al. 2005, Olve, 1988).

2.3.2 Acquisition of Stock

Another way to obtain control of another firm is to purchase the firm's voting stock in exchange for cash, shares of stock, or other securities. This can be done with the use of a tender offer. A tender offer is a public offer to buy shares of the target firm. It is made by one firm directly to the shareholders of the other company. The offer should be communicated to the target firm's shareholders via press releases and public announcements (Ross et al. 2005, NBK, 2003).

Aspects of choosing the acquisition of stock option:

1. No shareholder meetings must be held and no vote is required. If the shareholders do not like the offer, they may reject it and they will not tender their shares.

2. The bidding firm can deal directly with the shareholders of a target firm by using a tender offer. The target firm's management and board of directors can be circumvented.

3. Acquisition of stock is often unfriendly (Ross et al. 2005).

In July 1st, 1999, a new regulation regarding companies listed on the OMXS were introduced. It stated that if one had less than 40 percent of the votes in a company and acquired stocks that increased the amount of holdings to 40 percent or more, one was obligated to leave a public offer to buy further stocks of the company within 4 weeks. The offer to buy stocks also includes subscription of stocks as well as conversion or other type of acquisitions that increase the holdings of shares (OMXS, 2005).

Shareholders, who already had 40 percent of the stocks of a company, when the new regulations took effect, were not comprised by this law if they were to buy more stocks and increase their assets (OMXS, 2005).

The limit for the obligation to leave a public offer to buy more stocks was decreased to 30 percent in September 1st, 2003. The change of the implementation of the new law this time was that even owners of 30-40 percent of the stocks were affected by the regulations and thus they had to make a public offering in order to buy more stock (OMXS, 2005).

Furthermore, the buyer has one month after the date of purchase to cancel the purchase-agreement if the purchase was done by mistake. The agreement is cancelled if the buyer sells a percentage of his stocks so that his total holding of shares is less than 30 percent of the votes. In this case the buyer does not need to make a bid for more stocks to other stockholders of the company (OMXS, 2005).

2.3.3 Acquisition of Assets

An additional method of acquisition is by buying most or all of a company's assets. This accomplishes the same thing as buying the company. However, in this case the target firm does not necessarily cease to exist; it just sells its assets. It is up to the stockholders of the target company to decide whether or not to dissolve the firm (Ross et al. 2005).

2.3.4 Classifications of acquisitions

Acquisitions are typically divided into three classifications. These classes can be used to describe what sort of strategy the acquiring firm relies on for the takeover decision. The first class is the horizontal acquisition, and it is referred to as acquisitions of firms operating within the same industry as the bidder. The firms are competitors. An example could be when an oil company purchases another oil company. The next classification is the vertical acquisition, and it comprises of firms at different steps of the production process. When the bidder and the target firm are not related to each other, it is called a conglomerate acquisition. An example could be if a computer firm purchases a food company (Ross et al. 2005).

2.4 Synergy

According to Campbell and Goold (1998, p. 133), synergy *"refers to the ability of two or more units or companies to generate greater value working together than they could working apart"*. The attention is to give the acquiring firm gains in two sources: (1) to improve the operating efficiency based on economies of scale or scope; and (2) the sharing of one or more skills (Harrison and St. John, 1994).

As synergies are directly related with value creation in an M&A, they are critical to be achieved as soon as possible after the integration of the two firms. It is highly important that the integration of the businesses has been successful and efficient since the synergies derive from the collaboration of the two firms (Hitt, 2001).

For managers, synergies exist when they find ways for the two companies together to create more value than the sum value they would have created as separate businesses. As for shareholders, the synergies exist when their financial results from the combined firm are greater than what they would have obtained through their independent portfolio diversification (Weston, 2001).

Having said this, firms must take into consideration that mergers and acquisitions does not always create the greatest value. They must examine the acquisition activity in relation to the value that could be created through another strategy. Even in the abnormal cases where the acquiring firm does not pay a premium, synergies are difficult to achieve. So, when firms pay a premium, often a very high one, the creation of synergies must be great in order to create economic value (Hitt, 2001).

2.4.1 Synergy foundations

According to Hitt (2001), there are four foundations for the creation of synergies. These are (1) strategic fit, (2) organizational fit, (3) managerial fit, and (4) value creation. Although this is four independent foundations, it is the combination and existence of these that will create synergies in the combined firm.

Strategic fit *"…refers to the effective matching of strategic organizational capabilities."* (Harrison and St. John, 1994, p.180). In order to create synergies that generate competitive advantages and improvement of shareholder capital, the joint firm needs to exist of a combination of firms or businesses that are strong and/ or weak in different business activities. If this is not the case, the new firm will be provided with the same capabilities (or lack of capabilities) that the separate firms had, while the scale of the strengths or weaknesses will be greater (Hitt, 2001).

The second foundation, organizational fit, arises when the two firms' management processes, systems, cultures and structures are fairly alike (Harrison and St. John, 1994). This means that the firms should have characters that are compatible. The importance of this foundation arises since, as mentioned before, synergies can not exist if the firms do not integrate and the lack of organizational fit oppresses and in some cases even prevent the integration of the two businesses. (Hitt, 2001).

In order to create synergies there is a need for an active management of the acquisition process. These managers should recognize the extent of integration matters and the commonness of human resource concerns that often occur when occupied in efforts to create synergies (Marks and Mirvis, 1997).

Value creation is the last of the four synergy creation foundations. Basically, the cost associated with the development and use of synergies must be less than the benefits that can derive from them. These costs can be divided in three categories, (1) purchasing premium, (2) financing the transaction, and (3) integration of the acquired business into the existing organizational structure (Hitt, 2001). Although in this thesis the focus will be on the acquisition premium and the means for payment.

2.4.2 Premium

The investment value of a target firm is its value to a specific buyer. It is to recognize the buyer's attributes and the synergies and other integrative benefits that can be achieved through the acquisition. This value will be different to each potential buyer because of the different synergies that each can achieve through the acquisition. It is important for the well-informed buyer and seller to determine these synergies in advance so that they can negotiate with this knowledge (Clemente and Greenspan, 1998).

The increase in investment value over the company's fair market value, which is the price at which both buyer and seller agree to do business, is referred to as the control premium. But this term is seen to be misleading. Although the typical buyer does acquire control of the target firm through the acquisition, the premium that is paid is often to achieve the synergies that the combination of the two firms will create (Clemente & Greenspan, 1998)

Premiums paid are based on competitive factors, consolidation trends, economies of scale, and buyer and seller motivation. These are facts that again underline the need to carefully understand value and industry trends before negotiations begin (Spilka, 2005).

As stated earlier in this thesis, the premium is calculated by taking the price paid minus the market value of the target firm. In order to work out this calculation, the stock price for the target firm is needed. Usually the stock price that is listed one business day before the bid is used. But in some cases an average of the stock price during 10, 22 or 30 days before the bid is calculated and that value is used instead for comparison with the price paid (Affärsdata, 2005).

2.4.2.1 Valuation risk

Valuation involves translating the expected synergies, for example reduced cost or increase in market share into increased future earnings and cash flows for the firms. Valuation is not a precise science since it is difficult to forecast the expected benefits. Due to this fact, the bidder is exposed to valuation risk. When there is a high valuation risk, the acquirer may pay too much for the acquisition. In other words, the acquisition premium increases due to the valuation risk (Warner, 2002).

The method of paying for the acquisition can decrease the effects of valuation-risk. If the purchase is financed with a share-for-share exchange, any future loss due to errors in valuation will be shared with the stockholders. However, on the other hand, if the acquisition is financed by cash, the bidder is alone with all losses. The choice of method is also influenced by tax concerns and the bidder's financial structure policy (Warner, 2002).

2.4.3 Financing the transaction

When the price for an acquisition is set, the acquiring firm buys the target firm's stocks by either using cash, debt, exchanging stocks or a combination of cash and stock. Cash is usually used when it is a small transaction or when a large firm is acquiring a smaller firm. When the price is high ($500 million or more) the exchange is naturally done through stocks as it is a more convenient technique for transactions (Weston, 2001).

According to Hitt (2001), although the largest transactions are financed with stocks, cash is a favored means for exchange in acquisitions. During the 1970s, takeovers with cash transactions increased with about 30 percent and today it is still the preferred method for payment.

The general assumption is that stock deals used more frequently than cash as these are the ones discussed in the media. However one should remember that the larger takeovers are the ones typically noticed by the media and as mentioned earlier these takeovers use transactions of stocks. Nevertheless, these big deals do not represent a large percentage of the total numbers of takeovers (Weston, 2001).

There are a number of factors that need to be considered when choosing a method for exchange. The most central issues are accounting treatment, tax considerations, financial returns to shareholders and managerial control issues (Hitt, 2001).

2.5 Results from previous research

Maule was one of the first to discuss whether the numbers of mergers are related to general economic activity. The study compared two studies made during the periods 1895 – 1904 and 1919 – 1939 and came to the conclusion that there is no relation between the fluctuations in the numbers of mergers and business cycles. However, the secondary data used from the study for the first period was proved to be incomplete and biased as there was not enough information needed regarding the mergers. Quarterly merger data could not be used as this was not available for the period 1895 – 1904 and only a comparison of the consolidations could be made (Eis, 1970).

In the book The Corporation, Mueller (2003) discusses the five merger waves and their relation to other economical factors. Firstly, it states that mergers come in waves and secondly, it states that all these merger waves have a clear correlation with the stock market prices and economical activities. According to Mueller a proof for this is the Great Crash in stock market prices on Wall Street which was followed by a great crash in the merger activities. Furthermore, there is econometric work that establishes that stock prices either tend to slightly lead or coincide with the number of mergers. Although these studies have been performed on the U.S market, similar researches has been conducted on the United Kingdom market.

In a study by Gugler et al. (2005) four hypotheses were outlined in order to test merger waves. The first two assumed that managers maximize shareholders' wealth, mergers generate wealth and that acquirers earn positive abnormal returns. The study failed to confirm these hypotheses. On the other hand, the authors successfully showed that during a stock market boom the shares in a company are overvalued and managers tend to exchange these shares for other overvalued shares of the target firm, and pay a premium to do so. The authors discuss the option for the company to instead retiring their debt, or buying other assets that are not overvalued. As companies do not do this, an explanation for the behavior

is given. According to the authors, an announcement of a swap of equity for debt or purchase of assets would signal that the firm's shares are overvalued and lead to an immediate market correction. This leaves the firm with no other option than exchanging their overvalued shares with those of other firms. As a conclusion for the study, the authors stated that at some point in time the shareholder optimism begins to rise. In the theories behind why the share prices should rise, there are theories about certain industries or firms that will have a positive effect on the market. So as the market is going towards a bull and companies have overvalued shares, firms start to acquire the firms that are behind the boom in the market, creating a merger wave.

Furthermore, Gugler et al. (2005) describes a lag effect for M&As. As discussed previously, when there is a boom in the market companies' desire to acquire other companies more frequently. The author, however, also stated that a company can not purchase another company overnight. This creates a delay in the merger wave, when comparing it to the stock market prices as the acquiring firms need some time to recognize their target company and place a bid. This effect is called the lag effect and can differ depending on the strength of the boom and the time span between two booms.

3 Method

In this chapter, the first section will present a short discussion about primary and secondary data, following with reasoning for the choice of inductive, deductive, or abductive approach. The second section will give a description of the population, the data selection and the data collection method. Moreover, the statistical methods used will be presented. In the end of the chapter a discussion about the validity and reliability of the research will be held.

3.1 Methodological approach

In basic method (section 1.5), a description of the qualitative and the quantitative approaches were given. Furthermore, the authors' reasoning for the choice of the quantitative approach was presented and the authors stated that secondary data and a combination of the deductive and abduktive approaches will be used. The following section will discuss the underlying motive for the stated choices.

3.1.1 Primary and secondary data

There are two types of data that can be collected; primary data and secondary data. Primary data are information collected specifically for the problem invested by the researcher. This type of data collection will have no problem with the fit of the data since the researcher collects data designed to fit the problem (Churchill, 1996). Examples can be personal interviews or surveys. Secondary data is data that already exists and that has been collected for another purpose. This kind of data is most commonly since it consists of all written material in one area of investigation (Churchill, 1996). Examples can be documents, books and published statistics. Secondary data can be used when conducting both qualitative and quantitative method (Hussey & Hussey, 1997. According to Churchill (1996), a disadvantage with secondary data is the fit and accuracy of the data.

The secondary data for this thesis is collected from *OMX*, *Börsguide*, *Scandinavian information exchange* (SIX) and *Affärsdata. OMX* is the leading provider of market services and solution for finance- and energy markets in the Nordic and Baltic countries. It exists of two divisions; OMX Technology and OMX Exchanges (OMXSgroup.com, 2005). *Affärsdata* is a business database with historical articles and publications by major newspapers such as *Dagens Nyheter*, *TT Nyhetsbanken*, *Affärsvärlden* and *Waymaker*. *Börsguide* is a reference book over all the companies in the Stockholm Stock Exchange, The new market (Nya Marknaden) and Nordic growth market- list (NGM- listan). Every company is presented on an own page containing stock history, business ratio, biggest owner and activity (Finansportalen.se, 2005). *SIX*'s rage is exhaustive regarding financial information within the areas of news, stocks, interests, currency, funds and index, especially for the Nordic market (SIX.se, 2005).

An important fact to take into consideration when choosing to use secondary data is that the information may be biased since the information may have been gathered for another purpose then the one intended. This however is not a concern in this case, since the authors intend to use statistical data that have not been processed earlier. The information can at times be meant to be interpreted in a different way than done in this study (Bryman, 2000). The authors have however been aware of this risk and have tried to cross-check the information with other sources when possible.

3.1.2 Induction, deduction, and abduction

The development in scientific methodology is due mainly through two aspects; induction and deduction. An inductive approach is when an occurrence can be generalized, if it has been observed in a number of different cases, and from this way theory is evolved from empirical data. Deduction is where the conclusions of single events are gathered from earlier theories (Eriksson & Wiedersheim-Paul, 1999).

There is however, a third approach to consider; abduction. The abductive approach involves the starting point to be exerted from an empirically relevant issue. This, however, does not mean that the investigation disregards from those theoretical perspectives that underlies the deductive approach. The combination of both inductive and deductive can denote earlier cases to be used as inspiration to discover and increase the comprehension (Kirkeby, 1994).

The choice of logic in this thesis involves generating a general idea of how M&As is affected by market performance. Thus, it is needed to analyze data to find patterns or schemes in a set of observations, and as a result locate a common set of rules that can be applied generally; also it is of the essence to limit the subjectiveness level of the thesis. Thus, the utilized approach will be a combination of deductive and abductive.

3.2 Mode of procedure

As the in-depth study was completed, and the methodological approaches were chosen, the mode of procedure for conducting this study began. Following, the authors will give a description and rationalize around the population, data selection and data collection for the study.

3.2.1 Population

The authors have gathered information regarding all acquisitions made on the A –and O-list on Stockholm's stock exchange from *Börsguide, OMX* and *Affärsdata* for the time period 1994-01-01 to 2004-01-01. The original population contained 165 acquisitions; where 68 were located on the A-list and 97 on the O-list, disregarding companies that entered consolidations and/or conglomerates and those firms not listed on any of the two stock lists.

3.2.2 Data selection

Since there was limited time for writing this thesis, effort was needed to focus on specific areas in order for the collected data to be reliable and valid. The delimitations are already mentioned in chapter one, but a further explanation is given in this section.

The authors believed that narrowing down the geographical area to a country will make the investigation more relevant, seeing as comparing the data needed between different countries is time-consuming. Also, the risk for the result to be biased is great since the time limitation will not allow for a thorough study of the different market conditions. Hence, Sweden has been chosen for the geographical area of this investigation.

The companies listed on the A- and the O-list were selected since they have a great impact on the OMXS index that is used in this thesis, and also since they are the largest companies in Sweden and therefore the information about them is seen as reliable.

In order to answer the first question of this research "*Is there a relation between the number of bids and the OMXS index?*" a time period needs to be set. It would be extensive and hardly viable to examine an unlimited period of time. The authors believe that in order for the results to be useful the time period should be within the fifth merger movement, since it is the current wave of M&A. Hence, the chosen time span is 1994 until 2004. The authors will look at the date when the first bid was placed since it is on this date the interest for a purchase of the target company was publicly announced.

To be able to answer the second question "*Is there a relation between acquisition premiums and the OMXS index?*" the premium paid had to be derived either from press releases or calculated. No consideration will be given to the dividends since it is paid out on a later date, as well as to debentures[5], since they are based on the trustworthiness of the issuer, i.e. it can lead to being worth nothing (Burton & Kaliski, 2001).

3.2.3 Data collection

To accomplish the study's demands the following information is required:

1. Acquisitions of target firms listed on the A- and the O-list, with bid dates during the period 1994-01-01 to 2004-12-31. This information have to contain:
    a) Date of the takeover bid
    b) Premium paid
    c) The used financing method; cash, stock, or both

2. OMXS index data per quarter, 1994-01-01 to 2004-12-31.

To find the bids made 1994 until 2004, the authors reviewed a collection of publications of *Börsguide* that ranges from 1994 to 2005. These publications offer (among other information) a specific list of companies being deregistrated from the Stockholm stock exchange each year. The list also states why the company was delisted, where only acquisitions were selected for this study.

In addition, the dates of the acquisitions, as well as the names of the target firms, and the acquiring companies are covered there as well. Finally, information on whether the target firm was listed on the A- or the O-list is provided. This data was later checked with information from OMXS and any discovered errors were corrected. In order to find out the acquiring company's original bid date for each acquisition, articles from *Affärsdata* were used (Appendix A & B) and all the dates were checked again with OMXS's database. Bid dates for four companies could not be found, and after contacting them and other organizations or companies that have information regarding these kind of occurrences without any results, the authors decided to treat them as non-response and therefore excluded them from the study. Additional information regarding non response is provided in appendix E.

From *Affärsdata*, further information was gathered to locate the premiums paid by the purchasing companies and the means for payment. The authors read through the various articles in order to find relevant information. List of the titles of the articles, dates and sources are provided in Appendix A and B.

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[5] A certificate of debt, which has no collateral. It is backed by the credit of the borrower, not by physical assets. An example is government bonds (Burton & Kaliski, 2001).

In the majority of articles, the needed premiums, calculated from the stock prices on the business day before the bid was announced, were already available and further calculation was thus not needed. For the remaining posts, when the takeover was financed with cash, the authors examined the stock price of the target firm the day before the bid was announced, and then, compared it to the official bid price. In cases were the takeover were financed through stocks, the authors calculated the premium by comparing the stock prices of the target- and the acquiring company the day before the bid with the bid price. The formula for calculating the takeover premium percentage, when paid with cash is: bid price minus stock price of target firm on the day before the bid, divided by the stock price of the target firm on the day before the bid (Equation 3-1).

$$(P_O - P_B) / P_B$$

Equation 3-1 Acquisition premium (Cash)

Where,

P_O = Offer price

P_B = Stock price of target firm before public offer

The formula for calculating the takeover premium percentage, when paid with stocks is: the acquiring firm's stock price before the bid is placed times the number of offered stocks minus the target firm's stock price before the bid date times the number of stocks exchanged, divided by the target firm's stock price before the bid date times the number of stocks exchanged (Equation 3-2).

$$(S_A * X_A - S_T * X_T) / (S_T * X_T)$$

Where,

S_A = The stock price of the acquiring firm before the bid is placed

X_A = The number of offered stocks by the acquiring firm

S_T = The stock price of the target firm before the bid is placed

X_T = The number of stocks exchanged

Equation 3-2 Acquisition premium (Stocks)

14 non-responses were discovered for the acquisitions premiums during the data collection process. Also here, efforts were made to contact other sources in order to fill in the gaps. Organizations like *SIX, OMXS, Aktiespararna, Affärsvärlden, Börsdata, Fondbörsen* and the acquiring companies in question were contacted. As a result many premiums were found and the non-response in this section decreased from 35 to 14 for the sample to analyze question two (see Appendix C, D & E).

Regarding the means for payment (cash, stock or a combination of both), information was obtained from the articles (Appendix A & B) as well. No additional non responses were added to this sample.

The authors compiled the collected data and constructed three worksheets;

1. Acquisitions of target firms listed on the A-list (Appendix A)

2. Acquisitions of target firms listed on the O-list (Appendix B)
3. Number of bids made per quarter and year (Appendix F).

The OMXS index for the period 1994 – 2004 was obtained by contacting the information section at OMXS. Henrik Acklen, the information adviser at OMXS, emailed the information needed (Appendix G). The received file was originally a monthly index ranging from 1994 –until 2004 and consequently the authors calculated a mean index for each quarter.

After the data collection was completed, the authors excluded two acquisitions that were completed in 1994 since the bids were placed in 1993 and consequently these were not in the time span of this research. If they would not have been excluded the data would have been biased since all the bids in 1993 are not included. Moreover, all the bids that were placed in 2004 are included, even if the acquisition were completed the following year.

When the authors had compiled the necessary data, statistical tools were needed in order to conduct empirical research and analyze the results (Figure 1-2). Statistical tools are the key element when dealing with quantitative data and to draw meaningful inferences that lead to accurate and significant conclusions (Aczel & Sounderpandian, 2006).

3.3 Statistical method

In order to fulfill the purpose of this thesis and;

"...estimate the relation between the OMXS index and the number of acquisition bids, the acquisition premiums and the means of payment."

a statistical tool that measures the dependence of one variable to another are needed. More precisely, the authors needed to examine whether the number of bids, the acquisition premium and the means of payment are in any way dependent on the OMXS index. The fundamental way of investigating the dependence of one variable with another is with a fit straight line through the data (Helsel & Hirsch, 1992). Hence, regression analyses were performed. Regression analysis is one of the most important statistical methods in business and economics. It is a formula that describes a real-world situation mathematically, (Aczel & Sounderpandian, 2006), offering an answer to how well the variables in the model are related. There are two types of regression analyses, multiple and simple regressions (Aczel & Sounderpandian, 2006). In this study, simple regression analysis was used. However, an explanation for the multiple regression analysis and why it could not be used is given below.

3.3.1 Multiple regression analysis and autocorrelation

In regression analyses, the variable of interest is often dependent on more than just one additional variable. When one wants to conduct a study where several independent variables are expected to influence the dependent variable, a multiple regression analysis should be used (Aczel & Sounderpandian, 2006).

According to G. Shukur, a professor in statistics, (personal communication, 2005-11-25) when analyzing time series data[6], such as the OMXS index, one can use the stock market

[6] Time series data is data that is ordered through time (Aczel & Sounderpandian, 2006).

index as the independent parameter (X). Furthermore, the number of bids, premiums, as well as the financing method will be the dependent variables (Y), considering the question that is investigated.

As discussed in results from previous research (section 2.5), a lag effect is present when studying M&As and the market performance, as a bid cannot be placed overnight. Therefore, the OMXS index had to be time-adjusted to incorporate the lag effect between the planning of the takeovers to the official bid date. Consequently, the authors had the intention to conduct a multiple regression analysis to examine the data for the first research question. With a multiple regression, the OMXS index can be lagged several times, where each time the index is lagged one quarter forward in time as several independent variables (see Appendix G).

However, a crucial assumption for multiple regression analysis is that the independent variable, OMXS index, cannot be autocorrelated. Autocorrelation occurs when a variable is correlated against a time-shifted version of itself. In this case, as the OMXS index is time series data, the possibility of it to be autocorrelated is great. Obviously, the value of the OMXS index today is dependent on the OMXS index yesterday, which makes it highly correlated with itself. To obtain statistical evidence of this, an autocorrelation analysis for time series data was performed. It describes the level of correlation for the OMXS index against a time shifted version of itself. The correlation coefficient ranges from -1 to +1 where 1 equals perfect autocorrelation (Aczel & Sounderpandian, 2006).

3.3.2 Simple regression analysis

A simple linear regression is a model that shows the relation between two variables, X and Y, as a straight line. Hence, the model contains two parameters; an intercept parameter that is also called population intercept (β_0) and a slope parameter that is also called population slope (β_1). These two parameters are the non-random components and therefore a purely random component, the error term ϵ is included in the simple regression model;

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Equation 3-3 Simple linear regression model (random and non-random components), (Aczel & Sounderpandian, 2006).

As mentioned in 3.3.1, the OMXS index is used as the independent parameter (X). Furthermore, the number of bids, premiums, as well as the financing method will be the dependent variables (Y) (Aczel & Sounderpandian, 2006).

Question one

When analyzing if the number of bids are dependent on the OMXS index, the authors used Equation 3-3 with the following variables;

β_0 = The number of bids when the stock market equals zero

β_1 = OMXS index

ϵ = Error term

The lag effect discussed earlier, had to be considered for the simple regression analysis as well. With this in mind, four simple linear analyses were conducted. For each analysis, the

same equation (Equation 3-3) and intercept (β_0) were used. Whereas, the independent variable, OMXS index, was shifted one quarter forward in time for each analysis.

As a result, the first analysis compared the number of bids and the OMXS index at time Xt (OMXS Xt). Meaning, the OMXS index for the first quarter, Q1 1994, was compared with the number of bids placed during the same period in time, etc.

The second analysis, compared the OMXS index, for Q1 1994, with the number of bids placed during the second quarter in 1994, etc. This is logical reasoning as the lag effect requires that the OMXS index is placed forward in time when conducting regression analysis for the data of this thesis (see appendix G). As this resulted in the loss of one observation for each lag period, the OMXS indices were called OMXS Xt minus the number of observation that were removed due to the lag, hence OMXS X_{t-1}, OMXS X_{t-2}, and OMXS X_{t-3}. With these three lag periods the authors were able to understand if there is a relation between the number of bids and the OMXS index within a lag period of nine months.

To be able to test the relation between the number of bids and the OMXS index, a null and alternative hypotheses were set up to be tested for each lag period/simple regression analysis, with time-period OMXS X_{t-1}, OMXS X_{t-2}, and OMXS X_{t-3}. The four simple regression models were stated as Equation 3-3 with the following variables;

β_0 = The number of bids when the stock market equals zero

β_1 = OMXS Xt/ Xt-1/ Xt-2/ Xt-3

ϵ = Error term

The following hypothesis was tested for each simple regression model;

H_O: $\beta_1 = 0$

H_A: $\beta_1 \neq 0$

The null hypothesis (H_O) states that β_1 equals zero, namely that the slope parameter is equal to zero and that there is no relation between the number of bids and the OMXS index, in the specific lag period. The alternative hypothesis (H_A) states that the slope parameter is not equal to zero and that there is a relation between the number of bids and the OMXS index, for the specific lag period (Aczel & Sounderpandian, 2006).

By using the simple regression model for the four hypotheses, a calculated t-value was obtained for each regression. The calculated t-value was compared with a critical value from the t-table to see if the relation between the independent variable X, OMXS, and the dependent variable Y, number of bids is statistically significant. The t-test is a test for the beta data and can be conducted for several levels of significance. The beta is the slope of the regression line (Aczel & Sounderpandian, 2006).

The standard t-table (Appendix M) is used for normally distributed data, takes degrees of freedom into consideration, and it is also two-tailed, meaning that there are two rejection areas. The larger the sample, the more the t-distribution approaches the normal distribution. As described in data collection, section 3.2.3, the data was divided into quarters/periods for question one and as the time span for this thesis is from 1994 until 2004, the number of observations (n) is 44 (11*4=44). Thus, the authors could conclude that the data is normally distributed (Aczel & Sounderpandian, 2006).

For the authors to be able to reject the null hypotheses, and thereby assert that a relation is present, the calculated t-value must be higher than the critical value from the t-table. To obtain the critical value from the t-table, a significance level of α is needed and the number of degrees of freedom used (Aczel & Sounderpandian, 2006).

The authors used an alpha level of 0.05 since it is the most common in academic studies according to Aczel & Sounderpandian, (2006). For the results of an analysis to be trustworthy, a maximum of 0.1 for the alpha should be used. When using this alpha level the authors can claim that any result is significant with a 95 percent confidence level. The t-table is bell shaped and has two-tails, one for each end. These two sides are the rejection areas. As the table is two-tailed, the critical value obtained from the table should be divided by two in order to locate the acceptance area. The acceptance area is thus the confidence interval (95 percent) and the rejection areas are 2.5 percent each (Aczel & Sounderpandian, 2006).

The degree of freedom (df) is a measure for the amount of data that has been used from the sample and it is calculated from the size of the sample (n). For each parameter that is estimated in the regression, one degree of freedom is removed. As the authors are interested in both the slope parameter and the intercept parameter, two degrees of freedom will be removed from the number of observations (Aczel & Sounderpandian, 2006).

$$Df = n - 2$$

Equation 3-4 Degrees of freedom

The authors obtained the critical values from the t-table (Appendix M) for the four simple regression analyses by using alpha level 0.05 and Equation 3-4 to calculate the degrees of freedom.

Question two

A simple regression analysis was used to analyze the data for question two. The following regression model was used to test the relation between the acquisition premium (Y) and the OMXS index (X);

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where,

β_0 = The acquisition premium when stock market index equals zero

β_1 = OMXS index at period Xt.

ϵ = Error term

The following hypothesis was tested:

H_O: $\beta_1 = 0$

H_A: $\beta_1 \neq 0$

The null hypothesis (H_O) states that β_1 equals zero, namely that the slope parameter is equal to zero and that there is no relation between the acquisition premium and the OMXS index. The alternative hypothesis (H_A) states that the slope parameter is not equal to zero and that there is a relation between the acquisition premium and the OMXS index (Aczel & Sounderpandian, 2006).

The total number of observations is 165, but the data contained 18 non response and two disregarded acquisitions (Appendix E). Hence, the number of degrees of freedom for this test is 143 (Equation 3-4).

Question three

The simple regression model used for question three is as Equation 3-3 with the following variables;

β_0 = The means for payment when stock market index equals zero

β_1 = OMXS index at period Xt.

ϵ = Error term

A distinction between this third simple regression analysis and the previous two is the usage of indicator variables, also known as dummy variables. These are variables used to quantify data into classes, namely 0 and 1 (Aczel & Sounderpandian, 2006). The authors used dummy variables as there was a need to quantify the choice of financing the acquisitions and order them into two classes; cash (1), and stocks (0) to be able to examine the relation between these variables and the OMXS index (Appendix J).

The number of observations for question three is 159 as the data did not contain any specific non-response, however for the total loss of observations, six were removed (see Appendix E), and hence, the number of degrees of freedom for this test is 157 (Equation 3-4).

Goodness-of-fit test

After conducting the regression analyses the authors performed a test to determine how well the regression line suits the data. This was measured by using the coefficient of correlation between variable X and Y, namely R^2. For example, in the specific case for question 1 for this thesis, R^2 is the percentage of the variation in number of bids that is explained by the regression relation between the number of bids and the OMXS index (Aczel & Sounderpandian, 2006).

R^2 has a value between 0 and 1. The interpretation when R^2 is 1 is that 100 percent of the variation in variable Y is explained by variable X. This means that the line and the data have a perfect fit. These cases do not exist in studies regarding economics or business. When R^2 equals 0 it means that the regression line can not explain the data and that there is no linear relation between X and Y (Aczel & Sounderpandian, 2006).

There is no real limit for how high R^2 should be before one can conclude that the data and the regression model are in line and the results can be used with great confidence. It is very good when the R^2 value is greater than 0.8 but a lower value is also acceptable, depending what is measured. When the value is lower than 0.5, the regression model can still be used as long as one is aware of the fact that the data is not *entirely* explained by the model. In other words, if the dependent variable has a low value, it could mean that it is influenced by more factors than just the independent variable (Aczel & Sounderpandian, 2006).

3.4 Reliability and Validity

There are both advantages and disadvantages in all methodological techniques, no matter how well they fit the researchers' purpose. Saunders, Lewis, and Thornhill (2003) describe reliability as when the conclusions or results are trustworthy. Validity is defined as the extent to where there is a possibility to measure what is to be measured (Eriksson & Wieder-

sheim-Paul, 2001). The claim that results obtained from secondary data are reliable and valid, is dependant on the course of which the data has been collected and from what source. In general, data from large well-known organizations and authorities are most likely correct and believable (Saunders et al. 2003).

Since the data acquired in the thesis is secondary, a critical judgment of the gathered data is required to confirm whether it is reliable and valid. According to Denscombe (1998, reproduced in Saunders et al. 2003), there are several aspects that need to be considered; who collected the data, for what purpose was it collected, and has the data been adjusted for another purpose. As the authors have used the Internet as a source of information, it is vital to provide who offers the webpage on Internet. Dochartaigh (2002, reproduced in Saunders et al., 2003) has formed a model to judge the sources' validity and reliability and to obtain credible data. There is often an e-mail address which can be used to contact the organization responsible for the information to check if the data is correctly handled and / or gathered (Saunders et al. 2003). Given, the most Internet sources used are maintained by well-known organizations and authorities, offering the credibility wanted (Saunders et al., 2003).

The authors argue that the trustworthiness of the data presented in this thesis is high, due to the use of credible sources. *Affärsdata* is a recognized database offering accurate and correct information about the business markets in Sweden. OMXS, which handles the stock exchange in Stockholm and the Nordic countries, also provides truthful information. Evidently, *Affärsdata* provides authentic statistics over stock market movements and regulations governing the stock markets.

The remaining used sources have been carefully examined and weighted in order to locate the most appropriate ones. The authors have attempted to select credible and reliable authors and journals for references. This has been done by trying to use renowned publishing companies and acclaimed authors that leave little doubt to the trustworthiness, as often as possible. In the cases of uncertainty, the authors have endeavored to determine several sources of information to confirm it. The data used have been treated lightly; *Affärsdata* has stock market data compiled in their database, only adjusted for stock issue and splits. As a consequence, the authors find the data to be raw data, meaning it has not been processed for any other purpose, explained by Kervin (1999, reproduced in Saunders et al., 2003).

The reliability of this thesis can be questioned as some of the acquisition premiums had to be calculated by the authors since there were different sources of information for the same acquisition. Mistakes can happen, but to make sure that every calculation in this research is reliable, calculations have been checked twice. Another source for errors is that the sample size is too small. To avoid this type of error, all acquisitions during the time period for this research have been included in the study.

4 Empirical findings and analysis

In this chapter the authors have used the chosen statistical methods to analyze the collected data and outline the empirical findings. These are presented and analyzed in order to answer the research questions.

4.1 Number of bids and the OMXS index

As a first step to recognize a relation between the number of bids and the OMXS stock index, a graph was produced to display a graphical presentation of the relation between the two variables. In order to generate a conclusion, statistical calculations were needed to show the strength/ weakness of the correlation between the variables. As stated earlier in the thesis, the chosen statistical method is regression analysis.

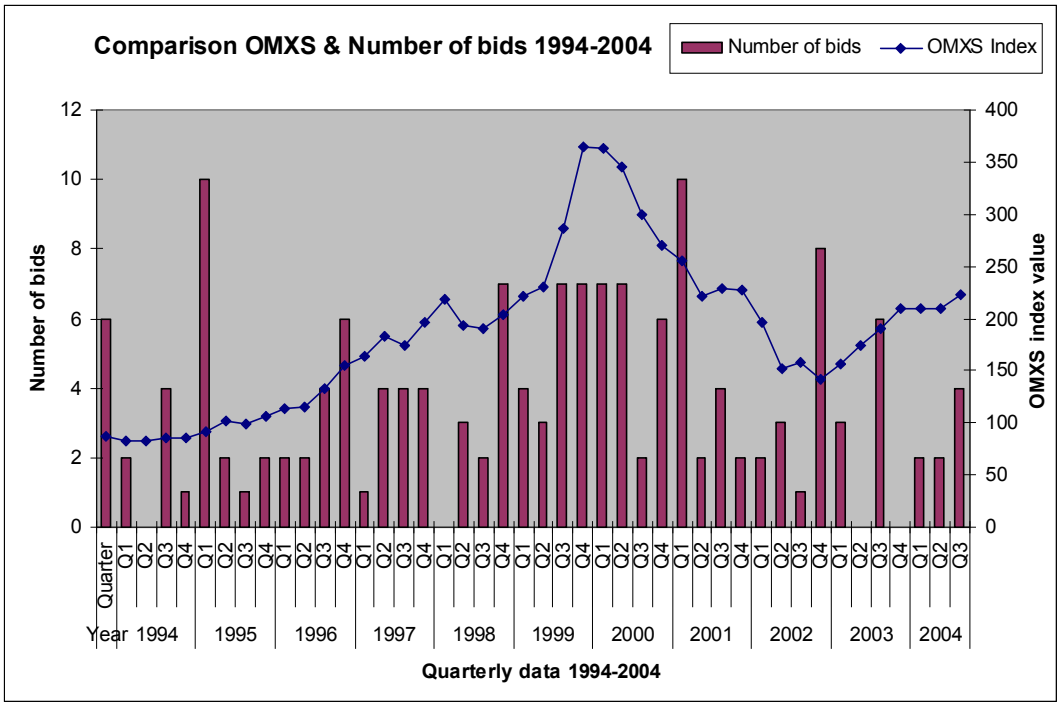

Figure 4-1 Comparison OMXS & Number of bids 1994-2004

For a multiple regression analyses to be accurate, the variables cannot be autocorrelated. However, as stated in section 3.3.1, as the OMXS index is market data it is most likely autocorrelated. To confirm this in significant statistical terms, an autocorrelation analyses was performed.

4.1.1 Autocorrelation

To further verify that the OMXS index is autocorrelated and that multiple regression analysis cannot be performed, an autocorrelation analyses (ACF) for time series data was conducted with lag periods. The results are enclosed in Appendix H and Figure 4-2 shows a graphical presentation of the outcome. By testing autocorrelation with seven lag periods of the OMXS index, the authors could easily see that the variables are autocorrelated (Figure 4-2).

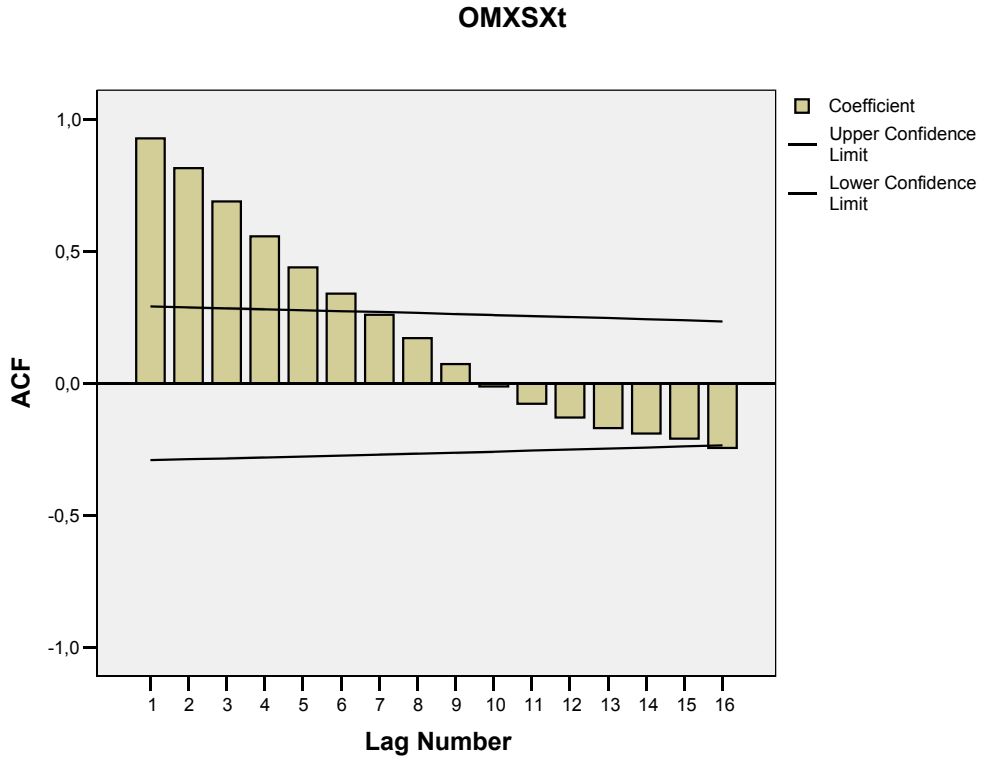

Figure 4-2 Autocorrelation analysis - OMXS index

As shown in Figure 4-2, there is high autocorrelation at lag 1, as the correlation coefficient is almost one, and this slowly decreases. As the number of lags increases, the autocorrelation decreases, resulting in negative autocorrelation. This kind of pattern is a sign of strong autocorrelation within the first six lags as they are above the upper confidence limit.

However, although the variables are so closely correlated with each other, according to J. Eklund, PhD Candidate in macroeconomic science, they can still be used individually in a simple regression analysis (personal communication, 2005-12-01).

4.1.2 Simple regression analysis

In this section, four simple regression analyses are presented to facilitate the lagging period with the highest t – value, if such period is present. In other words, as a first step the authors examined in which period or periods (Xt, Xt-1, Xt-2 and Xt-3) there is a relation between the number of bids and the OMXS index. Following this, the lag period with the highest significance level to the number of bids is determined to be the most significant one.

The authors used the following regression model for the four analyses;

$Y = \beta_0 + \beta_1 X_1 + \epsilon$

Where,

β_0 = The number of bids when the stock market equals zero

β_1 = OMXS Xt/ Xt-1/ Xt-2/ Xt-3

ϵ = Error term

Furthermore, the OMXS index is the independent parameter (X) whereas the number of bids is the dependent variable (Y). Hypothesis testing was used to conclude at which lag level/levels the OMXS index (β_1) is related with the number of bids.

The following hypothesis is tested four times, for the periods Xt, Xt-1, Xt-2, and Xt-3;

H_O: $\beta_1 = 0$

H_A: $\beta_1 \neq 0$

Where,

β_1: OMXS index at time Xt / Xt-1 / Xt-2 / and Xt-3;

The results of the four regression analysis calculated in SPSS[7] are enclosed in Appendix I and a summary of these findings is presented in Table 4-1. The chosen alpha level is 0.05 meaning that the authors tested the regressions with a 95 percent confidence interval. As described in the method, when choosing an alpha level of 0.05 the alpha level is divided by two since the t-table is two-tailed, and the critical value for 0.025 is obtained. The t-table values used in this thesis are calculated in SPSS and are enclosed in appendix M. These values are calculated to fit a two-tailed t-table test with alpha level 0.05.

The degrees of freedom in Table 4-1 are calculated by using Equation 3-4 (df = n-2). As Xt is the OMXS index in period one, meaning that all the observations are included; Xt equals the number of observations (n).

	Df	Calculated t-value	T-table value at α = 0,05	R^2	Accept/reject Null hypothesis
OMXS Xt	42	2.278	± 2.0181	0.11	Reject
OMXS Xt - 1	41	2.223	± 2.0195	0.108	Reject
OMXS Xt - 2	40	1.936	± 2.0211	0.086	Accept
OMXS Xt - 3	39	1.653	± 2.0227	0.065	Accept

Table 4-1 Simple regression analysis - Question 1.

When the calculated t-value is higher than the positive t-table value or lower than the negative t-table value, the null hypothesis can not be accepted, meaning that there is a relation between the number of bids and the OMXS index.

The results of the first simple regression analysis with the number of bids and the OMXS index at Xt concludes that the null hypothesis is rejected at $\alpha = 0.05$. The calculated t-value is 2.278, while the t-table values are -2.0181 and +2.0181. As the calculated t-value is in the rejection area, the null hypothesis can not be accepted.

For period Xt-1, the calculated t-value is 2.223. This is also greater than the t-table values at $\alpha = 0.05$, namely 2.0195. The null hypothesis is therefore rejected once more. In fact the hypothesis tests for Xt and Xt-1 are both rejected as the calculated t-values are higher than

[7] Statistical Package for the Social Sciences (SPSS) is a software system for data management and analysis, Osterlind and Tabachnick (2001).

the t-table values. However, as shown in Table 4-1, while the number of lag periods increases, the calculated t-value decreases and thus the hypothesis for the period Xt-2 and Xt-3 are both accepted as the calculated t-values are no longer in the rejection area of the t-table as they are lower than the t-table value.

Table 4-1 also shows the R^2 values of the four regression analyses. As the lag periods increases, the R^2 value for the regressions decreases and the simple linear regression analysis with OMXS index at Xt has the highest R^2 value.

4.1.3 Analysis

There have occurred several booms and falls in the history of the stock market, the most recent one was the IT-crash in 2000, where telecom and IT stocks rocketed in value in late 1990's, and later fell drastically in 2000. As seen in Figure 1-1, large booms and falls of the stock market move in cyclical patterns, as does the events of mergers and acquisitions. As seen in Figure 1-1, these merger waves come hand in hand with the rise and fall of the stock market.

The theory about merger waves is evidently interesting, and several studies have been made to establish if M&As and the market condition are correlated. The latest and most interesting studies have been performed by Mueller (2003), stating that stock prices tend to coincide with the numbers of mergers and acquisitions. Mueller made these tests in the U.S. and according to the study, similar results have been obtained for the British market and the tests showed a positive relation between the two variables. The results of this thesis are aimed toward Sweden to check whether Mueller's theories can be adapted elsewhere.

The authors' assumptions, backed by Mueller's studies, are that the OMXS and the number of bids in M&As should bear a positive correlation. When testing this, the lag effect is an important factor to acknowledge. The lag effect efficiently states that it takes some time to prepare a bid offer. It can not be done instantaneously. The data used in this study is divided into quarters. Firstly, the authors had the intent to examine the link between the number of bids and the stock market performance using periods by lagging one period behind, by using a multiple regression analysis. However, an autocorrelation analysis showed that the stock market data was autocorrelated (Figure 4-2). Hence, multiple regressions could not be used. Therefore, the simple regression was used, still lagging each period one quarter. In order to validate whether there is a lag effect, a regression analysis was performed with the stock market data lagged one period for every test. Figure 4-1 shows that a lag is probably in effect. The number of acquisition bids increase some periods after the index increases.

Table 4-1 shows that only period X_t and X_{t-1} can be proved to influence the number of bids, where X_t is the most prominent period. This means that as the stock market index starts moving upwards, the majority of takeover bids will follow within one quarter. The significant lag effect is thus up to three months. Although, the lag effect is significant up to six months as the calculated t-value for Xt-1 was not rejected.

The R^2 should be considered in the fashion that the data fits the first regression analysis by 11 percent for OMXS Xt. This can be seen as a relatively low value, however as stated in the method section, it is statistically plausible to be correct. An even lower value, say of 2- or 3 percent might not be plausible. There is no clear line for at which R^2 value the model is not applicable to the data. In the specific case of this thesis, as earlier studies have proved, the authors determined that there is a relation between the number of bids and the

market condition, but taking the R^2 value in consideration number of bids are influenced by other factors than just the OMXS index.

According to Nieh (2003), other economical factors that influence M&As are the GDP, interest rates, and unemployment rate. Moreover, other factors such as managerial fit or organizational fit can effect M&A and thus the number of bids (Hitt, 2001). If the fusion of two companies is easily achieved, organizationally and managerially, the acquiring company will place a bid when they have the assets to do so. If for example, there is a distinction between the two business' organizations the interested firm cannot place a bid when they have the assets. Firstly, solutions for these problems must be found so that consideration to these costs can be given in the bid premium. These are all reason for why the R^2 value is not higher than 11 percent; hence this does not change the fact that the number of bids is dependent on the OMXS index (J. Eklund, personal communication, 2005-12-05). The authors must accept the alternative hypothesis as it is statistically significant.

The results of the empirical findings in this thesis are intriguing and there are several previous researches that conclude that there are other factors that contribute to the relation between the number of bids and the OMXS index.

The most recent theory is by Gugler et al. (2005). It states that when companies stock prices becomes overvalued; i.e. entering a bull market, it can be assumed that the firms are willing to exchange their stocks while at the same time growing as a company. This condition holds in cases where the prices of the firms rise more than justified, leading to overvalued stocks. In this case, over valued stocks are caused by the information available as the managers are the only ones who know the real condition of the company, thus they are described as insiders. This theory supports the fact that the Stockholm Stock Exchange is a semi-strong market (Wramsby & Österlund, 2002).

Since it is viable to assume it is only the managers of firms that know the true value of its firm, the managers will act when the market value is not correctly adjusted. Hence, an acquisition might be forced upon them to purchase another company with a heavy rebate. The case might as well be that the acquired firm purchased with inflated shares, also is overvalued and after the acquisition the acquiring firm is in the same position as before. Could this be the reason for many merger failures? Could this hurt the EMH? These questions are beyond the scope of this thesis, but it is an interesting thought.

A relevant finding that the authors would like to discuss is that the number of bids during 1995 was very high compared to the OMXS index and the authors wanted to examine why this was the case. A related theory is that after the real-estate crash in 1991, followed by the bank system crash in 1992, the market condition was in a deep bear market. In the end of 1994 and beginning of 1995 the stock market prices were increasing and the optimism among investors about improved future market condition was once again in progress (Södersten et al., 2000). The authors believe that this is one of the reasons for the many bids that occured in the beginning of 1995. Ten bids were placed on companies on the A- and O-list the first quarter of 1995, followed by a steady number of placed bids throughout the year and in the beginning of 1996 (Figure 4-1). As the first real bull market occurred in the late 1996 and the early 1997, number of bids increased and was relatively high all the way through 1997. Furthermore, as mergers come in waves, the merger mania in the beginning of 1995 can be the result of the many bank mergers during 1992 until 1994.

The fact that there are a high number of bids placed in the beginning of 1995, compared to the OMXS index, can be an argument against the results of this study. However, as the dis-

cussion above states, the authors believe that the number of bids occurring in 1995 strengthens the results of this thesis; i.e. there is a relation between the number of bids and the OMXS index.

4.2 Acquisition premiums and the OMXS index

The relation between the acquisition premium and the OMXS index was examined through a simple linear regression analyses. This was done with the intention to determine whether the premium paid (Y) fluctuates with the OMXS index (X).

The following regression model was used:

$Y = \beta_0 + \beta_1 X_1 + \epsilon$

Where,

β_0 = The acquisition premium when stock market index equals zero

β_1 = OMXS index at period Xt.

ϵ = Error term

The following hypothesis was tested;

H_O: $\beta_1 = 0$

H_A: $\beta_1 \neq 0$

Where,

β_1: OMXS index

The data used to analyze question two is included in appendix J and the outputs from the simple linear regression are presented in Table 4-2 and 4-3.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,139[a]	,019	,013	,26819

a. Predictors: (Constant), OMXSindex

Table 4-2 Model summary from SPSS - Question 2.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,203	,057		3,562	,001
	OMXSindex	,000	,000	,139	1,681	,095

a. Dependent Variable: Premium

Table 4-3 Simple regression analysis - Question 2.

The number of observations for question two is equal to 145 and thus the degrees of freedom is 143 (Equation 3-4). The outputs demonstrate that there is a no relation between the two variables. The calculated t-value is 1.681 while the t-table value for $\alpha = 0.05$ with df = 143 is 1.9767 (Appendix M).

At this level, the authors accept the null hypothesis and conclude that the premium is not related with the OMXS index. Furthermore, the R^2 value is only 0,019, showing how poor the regression line fits the data.

To facilitate a graphical presentation of the non existing relation between the acquisition premium and the OMXS index, a scatter plot was constructed (Figure 4-3). By observing the scatter plot, one can see that the statistical results from the regression analyze is truly significant as no pattern is visible in the graph.

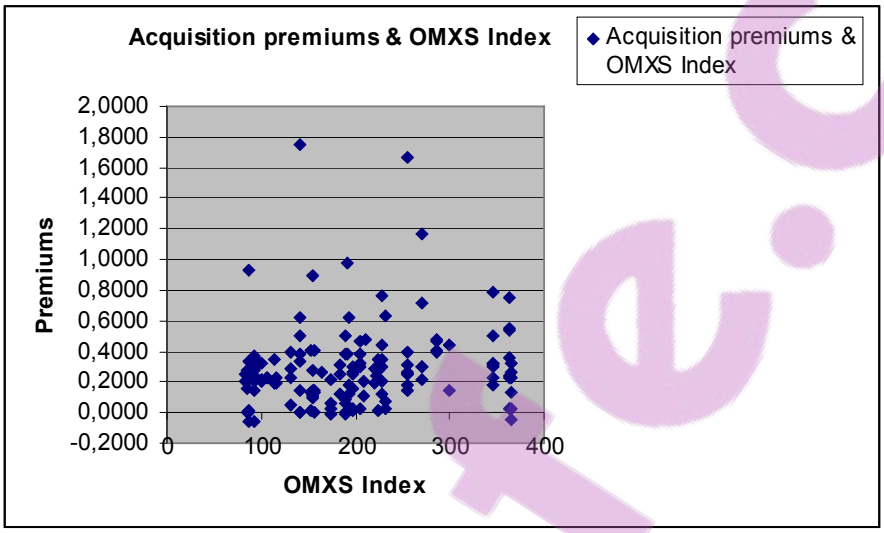

Figure 4-3 Scatter plot, Acquisition premiums & OMXS index.

4.2.1 Analysis

As discussed in section 2.4, synergies are one of the main reasons for acquisitions being a popular strategic development route for many companies. It is vital to estimate the value of the achievable synergies when deciding the price of an acquisition since acquiring firms usually pay a premium that is perceived to be the value of the possible synergies.

More precisely, the acquisition premium is the difference between the price paid by the acquiring firm and the market value of the target firm. Premiums are not only based on the value of the synergies. According to Spilka (2005), other factors that contribute to higher premiums are competitive factors, consolidation trends, economies of scale, and buyer and seller motivation. The acquiring firms, undoubtedly, want to pay as little as needed to settle the deal. Depending on what market or industry they are situated in, the factors influencing the merger could be distinctively different.

The authors of this thesis examined the link between the acquisition premiums and the OMXS index. The empirical findings state that there is no relation between the two variables. This result is acceptable as the numbers of aspects that influence the acquisition premium are numerous and this study was performed on *all* acquisitions made on Swedish companies listed on the A- and O-list. The acquisitions were not divided into hostile or

friendly takeovers, nor were there any considerations made regarding the size of the acquiring company in relation to the target firm. A company with a turnover of 100 billion SEK buying a small company on the O-list, will most likely not is very affected by paying a premium of 20 or 50 percent of the market value of the target firm. Since the factors affecting the acquisition premium is so vast, it was not possible to incorporate them in the thesis. Instead, a general view was explicitly the aspiration of the investigation. The authors believed that by examining premiums, disregarding all other factors, with the stock market, an eloquent resolution would be recognized. This was however, not acquired. Besides the previous explanations, another aspect which is substantial; namely that in several cases the acquiring firm resided in a foreign country, and there could be reason to believe that depending on what stock market the firms are listed in, the state of it would differ. For example that when there is a bull market in Sweden, there might not be one in Germany or the U.K, or at least the significance between the two might be mismatched.

Furthermore, as the intent was to examine acquisitions on a very general basis, the takeovers were not divided into the following three classifications; horizontal, vertical or conglomerate acquisitions. Firms that are in the same business are most likely competitors and acquisitions made within the same industry are so called horizontal acquisition. In the literature, an example of this was said to be an oil company acquiring another oil company. Given the competitors factor, the premium might be higher in horizontal acquisitions as it might take effort to persuade the target company into giving up its market position.

Nevertheless, these are only speculations based on the authors´ findings and profound knowledge regarding M&As. There might be a link between the acquisition premiums and the OMXS index when regarding the facts discussed earlier. It is certainly plausible to believe that industries have incomparable business cycles, and they could also have a negative correlation with the stock market in general, causing the cycle to move out of sync with the stock market. When the market condition alters, the market value of specific firms change as well. This however, might not have any connection with the real value of the firms. This is intuitively proved when examining the effects of the IT boom and crash, where in many cases, the market value did not reflect actual conditions but instead was inflated based on investors' speculations. If this scenario occurs, a premium will already be included in the market value if the target firm and thus offsets the results of this study.

4.3 Means of payment and the OMXS index

To facilitate the relation between the means of payment (Y) and the OMXS index (X), a simple linear regression was carried out once more. The simple regression model used for question three is the following;

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where,

β_0 = The means for payment when stock market index equals zero

β_1 = OMXS index

ϵ = Error term

The following hypothesis was tested;

H_0: $\beta_1 = 0$

H_A: $\beta_1 \neq 0$

Where,

β_1: OMXS index

Table 4-4 and 4-5 illustrates the results from the analysis, whereas the data used to conduct the test is presented in appendix K.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,047[a]	,002	-,004	,47816

a. Predictors: (Constant), OMXSindex

Table 4-4 Model summary from SPSS - Question 3.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,600	,100		6,011	,000
	OMXSindex	,000	,000	,047	,587	,558

a. Dependent Variable: Cashstocks

Table 4-5 Simple regression analysis - Question 3.

The degrees of freedom for this simple regression analysis are 159, as the number of observation is 161 (Equation 3-4). At the alpha level 0.05 and with df = 159 the critical value is 1.975 (Appendix M). As shown in Table 4-4 and 4-5 the null hypothesis is accepted as the calculated t-value (0,587) is lower than the critical value from the t-table. In fact the calculated t-value is too low to indicate any relation between the two variables at any trustworthy alpha level.

A further regression analysis was performed by the authors although it was beyond the scope of this study. The additional analysis was made in order to determine whether the premium paid and the means for payment are related. The results are not discussed in the empirical findings as no statistical significance was found. However, the outcome is included in appendix L.

4.3.1 Analysis

The results for the relation between how acquisitions are financed and the current market condition are not existent. A visible pattern could not be found in the data. This is important together with the results for the previous question, whether the premiums fluctuate together with the market index or not. An aspect that is imperative to keep in mind when scrutinizing the outcome is that cross-border acquisitions are not taken into consideration in the study. What the effect is on the fallout is evidently difficult to pinpoint, but the authors believe that, as pointed out in 4.2.1, when foreign companies purchase a company located in Sweden, the markets involved, i.e. OMXS and London's Stock Exchange, could be offset in their market conditions. Since cross-border acquisitions are included in the data,

the results only reflect Swedish stock market performance and therefore ignore the state of economy the purchasing firm is in.

Nonetheless, when scanning the mergers & acquisitions during the ten year period, no signs of correlative pattern are found for how the acquisition is paid. The only general insight recovered is that cash is used in the majority of acquisitions and thus Hitt's (2001) previous research in the topic is strengthened. The ensuing result of this is that the bidding firms take on more risk, than they would if purchasing with shares, where they split the risk with their shareholders, as Warner stated in his research (2002).

Moreover, the results for this research question are not inline with Gugler et al.'s (2005) theory regarding overvalued stocks, in which case the preferred way of financing the acquisitions during the bull market in the late 1990's would be stocks.

5 Conclusion

In the last section of this thesis, the authors summarize the conclusions drawn from the analysis. This is done with the aim to explore whether the purpose of the research is fulfilled. The authors´ own reflections about the thesis will be presented and finally suggestions for further studies will be given.

5.1 Final conclusion

In this thesis, the purpose was to examine acquisitions on the Swedish market 1994 until 2004 in order to estimate the relation between the OMXS index and the number of acquisition bids, the acquisitions premium and the means of payment.

The authors have produced several hypotheses' concerning the relation of mergers and acquisitions with the Stockholm Stock Exchange. The conclusions provided from the research are described below, in the order of the stated problem set.

- *Is there a relation between the number of bids and the OMXS index?*

The authors have proven that a relation between the number of acquisition bids and the stock market performance is present. When the OMXS index increases, i.e. entering a bull market, the number of bids quickly starts to amplify as well. The results were accomplished by doing a regression analysis study, and using the number of bids as dependent of the stock market. The study is made with ten years historical data, to provide at least one bull – and bear market, and also to provide more accurate and valid conclusions.

- *Is there a relation between acquisition premiums and the OMXS index?*

The study however, shows that the acquisition premium has no significant relevance toward the OMXS index. This means that the acquisition premium is not affected by the current market conditions, i.e. the premium paid does not increases gradually as the market index increase, and vice versa. Although, it is in order to keep in mind that the study have been conducted in a much generalized fashion, and should consequently be viewed upon as only a broad first look at how acquisitions and the stock market interacts. There should remain room for further studies that can go deeper into certain fields of interest and perhaps add supplementary explanations and credibility to the results.

- *Is there a relation between means of payment and the OMXS index?*

The financing method is according to this study not correlated to OMXS index. This outcome comes hand in hand with the results for the second question. No visible pattern could be recognized, and as a broad conclusion, the condition of the stock market does not influence the choice of payment in acquisitions.

5.2 Authors' reflections

There is no source that has contributed especially high to the theoretical framework that should raise suspicion of any biasness. And the reason for this is that there is not much research being done in this field of M&As, part for Maule's (1968) studies in the early 1900's in the U.S. and the more relative studies of Mueller (2003). As to the authors' knowledge, no research has been conducted in Sweden. Therefore, the authors have been required to

use a diverse selection of well-known authors and researchers, as well as internet sources and databases to create a valid and trustworthy thesis. The extensive use of foreign authors, mainly American, is attributable to that the U.S market is inherently larger and thus considerably more research has been done there. This, however, should not affect the end results as the authors' empirical research is done solely on the Swedish market.

It can be argued that the selected statistic method is not appropriate for the type of data used. More advanced models for time series data might have provided more accurate and reliable results. However, as the intention was to simply present a general understanding of the relation between M&As and OMXS index in Sweden, a simple regression model was thought as sufficient for the purpose.

The way of conducting the study in this thesis is based on the fact that it is supposed to offer a broad view of how four variables interconnect in the real world; amount of takeover bids, acquisition premiums, purchasing method, and the stock market performance of the OMXS index. Thus, the outcome given will be of general nature, where only highly significant patterns will be present. Why is this so? It is a choice of the authors to only investigate it broadly. Any further research based on current data may or may not show that premiums and financing follow the market depending on what industry is examined for example. The authors consider the results to be a building foundation for additional research into more specific areas and encourage supplementary studies that strengthen the results of this thesis.

5.3 Further studies

Throughout the process of writing this thesis, the authors have discovered and acknowledged a number of interesting aspects about mergers and acquisitions that needs additional research. As followed below are three interesting occurrences that need supplementary investigations.

1. *Industry.* To also include the industries that the companies present in the study are located, for more in-dept research about acquisition phenomenon's and its premium. This will allow the results to be more specific for each industry.

2. *Classification.* Does the premium vary whether if it is a horizontal or vertical acquisition?

3. *Cross-border acquisitions.* Integrate the origin of the purchasing firm with the data, and investigate the market condition the acquiring firm is experiencing.

4. *Smaller companies.* By using the same method applied on smaller companies, i.e. listed on other stock exchanges such as: Nya Marknaden, Aktietorget, and NGM, to evaluate if there exist any variation depending on company price and listings.

5. *Wider time-span, and follow-up measures.* Use a longer time-span and incorporate several bull –and bear runs and, track the stock price of the buying company after the transaction and investigate whether the shareholders profit from the acquisition or not.

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Appendix A: Articles for A-list

93-11-09 Källa: FTI
Generöst bud på Nobel

94-01-24 Källa: Nyhetsbyrån Direkt
MARIEBERG: LÄGGER BUD PÅ SYDSVENSKA DAGBLADET

94-12-21 Källa: TT Nyhetsbanken
STENA LÄGGER BUD PÅ RÅCKSTAHUS - BJUDER 87 KRONOR PER AKTIE

94-04-25 Källa: Nyhetsbyrån Direkt
CARDO: INCENTIVE BJUDER 500 KRONOR PER AKTIE

94-04-26 Källa: Dagens Industri
ÖVERKURS PÅ 25 PROCENT

94-03-14 Källa: Nyhetsbyrån Direkt
INVESTOR: LÄGGER BUD VÄRT 3.455 MKR PÅ EXPORT-INVEST

94-12-30 Källa: Nyhetsbyrån Direkt
ASSIDOMÄN: KLART MED TVÅNGSINLÖSEN AV NCB-AKTIER

94-03-10 Källa: Svenska Dagbladet Näringsliv
AssiDomän bjuder 1,4 miljarder för NCB

94-06-29 Källa: TT Nyhetsbanken
BRITTER LÄGGER BUD PÅ ANRIKT WALLENBERGBOLAG

95-02-24 Källa: TT Nyhetsbanken
WEIL KÖPER UT PROVENTUS FRÅN BÖRSEN

95-05-04 Källa: Dagens Nyheter - ekonomi
Weil Invest höjer bud på Proventus

94-12-19 Källa: Veckans Affärer
VECKAN SOM GICK

95-01-13 Källa: Dagens Industri
Börs & Finans: Budet på Aritmos

95-01-19 Källa: Dagens Industri
Börs & Finans: Hilab köper Exab

95-06-09 Källa: Nyhetsbyrån Direkt
HILAB: EXAB BJUDER 28 KR KONTANT ELLER AKTIEALTERNATIV

95-07-13 Källa: TT Nyhetsbanken
GETINGE LÄGGER BUD PÅ ARJO

95-09-11 Källa: Nyhetsbyrån Direkt
ARJO: GETINGE HÖJER KONTANTDELEN I BUDET

95-06-13 Källa: Svenska Dagbladet Näringsliv
Stancia och Prifast bildar fastighetsjätte

95-06-12 Källa: Nyhetsbyrån Direkt
PRIFAST: LÄGGER BUD PÅ STANCIA MED NYEM AKTIER

96-06-10 Källa: TT Nyhetsbanken
SKANSKA NY HUVUDÄGARE I SKÅNE-GRIPEN

96-06-10 Källa: Nyhetsbyrån Direkt
SKÅNE-GRIPEN: STIGER TILL 81 KR EFTER BUD

96-06-10 Källa: TT Nyhetsbanken
BÖRSEN TOG IGEN FREDAGENS FALL

96-10-07 Källa: Nyhetsbyrån Direkt
FORSHEDA: TI-GROUP BJUDER 1.970 MKR KONTANT

96-10-08 Källa: Dagens Industri
Börs & Finans: Brittiskt bud på Forsheda...

96-11-04 Källa: Nyhetsbyrån Direkt
TERRA MINING: WILLIAM RESOURCES BJUDER 162:50 KR/AKTIE

96-01-02 Källa: Nyhetsbyrån Direkt
GAMBRO: INCENTIVE BEKRÄFTAR BUD PÅ UTESTÅENDE AKTIER

97-01-24 Källa: TT Nyhetsbanken
WIHLBORGS BESLUTADE OM NYEMISSION FÖR FÖRVÄRV AV M2

96-11-27 Källa: Affärsvärlden
Lyckat skånskt äktenskap

96-12-12 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: KURSLYFT FÖR EFTER BUD

96-12-12 Källa: Nyhetsbyrån Direkt
STADSHYPOTEK: SHB LÄGGER BUD, STATEN ACCEPTERAR

97-03-17 Källa: TT Nyhetsbanken
DANSK BANK TAR ÖVER SVERIGES SISTA PROVINSBANK

97-03-17 Källa: Nyhetsbyrån Direkt
ÖSTGÖTA: PRESSKONFERENS OM BUD KL 10.30

97-02-18 Källa: TT Nyhetsbanken
NCC KÖPER SIAB FÖR ATT KONKURRERA INTERNATIONELLT

97-02-18 Källa: Nyhetsbyrån Direkt
NCC/SIAB: PARTERNA NÖJDA MED SAMMANSLAGNING

96-03-13 Källa: TT Nyhetsbanken
BROSTRÖMS KÖPER UPP UNITED TANKERS

96-03-13 Källa: Nyhetsbyrån Direkt
UNITED TANKERS: BROSTRÖMS BJUDER 35 KR/B-AKTIE

97-08-25 Källa: TT Nyhetsbanken
TRELLEBORG KÖPER SKOOGS
96-09-04 Källa: Sydsvenska Dagbladet ekonomi
Trelleborg slukar lilla Horda

97-06-12 Källa: Dagens Nyheter - ekonomi
Näckebro vann striden

97-06-05 Källa: Dagens Industri
Börs & Finans: Hård strid om Fabege

97-06-04 Källa: TT Nyhetsbanken
KAMP OM FASTIGHETSBOLAGET FABEGE

97-10-02 Källa: TT Nyhetsbanken
S-E-BANKEN OCH TRYGG-HANSA GÅR SAMMAN

97-10-03 Källa: Dagens Industri
Så här ska affären göras

97-12-09 Källa: TT Nyhetsbanken
LINJEBUSS I FRANSKA HÄNDER

98-01-05 Källa: Svenska Dagbladet Näringsliv
Köpet av Linjebuss nästan klart

97-12-09 Källa: Nyhetsbyrån Direkt
LINJEBUSS: CGEA BJUDER 112 KR/AKTIE

97-12-12 Källa: Nyhetsbyrån Direkt
GULLSPÅNG: IVO KÖPER B-AKTIER TILL 126 KR/AKTIE

97-12-15 Källa:
IVO backar efter kritik - Bud-liknande besked höjde aktikursen i Gullspång

98-02-19 Källa:
Tornet lägger bud på Sifab - igen

98-09-08 Källa: TT Nyhetsbanken
DROTT LÄGGER BUD PÅ NÄCKEBRO

98-09-08 Källa: Nyhetsbyrån Direkt
NÄCKEBRO: DROTT LÄGGER BUD, PREMIEN 18,3%

98-11-30 Källa: TT Nyhetsbanken
REXAM LÄGGER BUD PÅ PLM

99-01-27 Källa:
PLM-ägare accepterar bud

98-11-30 Källa: Nyhetsbyrån Direkt
PLM: REXAM LÄGGER BUD, INDUSTRIVÄRDEN SÄLJER

99-02-11 Källa: Förenade Landsorts Tidningar
Ratos och EQT vill köpa Dahl

99-03-12 Källa: TT Nyhetsbanken
RATOS OCH EQT HÖJER BUD PÅ DAHL

99-02-12 Källa: Dagens Industri
Börs & Finans: Ratos köper upp Dahl

99-01-07 Källa: Nyhetsbyrån Direkt
SPECTRA: SVENSKA ÄGARE FÖRSIKTIGT POSITIVA TILL BUD

99-01-08 Källa: Dagens Industri, Datum från OMX
Börs & Finans: USA-bud på Spectra-Physics

99-02-01 Källa: TT Nyhetsbanken
STINNES LÄGGER BUD PÅ BTL

99-03-01 Källa: TT Nyhetsbanken
BALDER VILL KÖPA PRIFAST

99-03-19 Källa: TT Nyhetsbanken
PRIFAST STYRELSE SÄGER JA TILL BALDER-BUD

99-03-01 Källa: TT Nyhetsbanken
BALDER VILL KÖPA PRIFAST

99-04-29 Källa: Nyhetsbyrån Direkt
BPA: INVESTERINGSSÄLLSKAP BJUDER 28 KR/B-AKTIE, 30:50 KR/A

99-04-26 Källa: TT Nyhetsbanken
TYSKA DANZAS KÖPER ASG

99-04-26 Källa: Nyhetsbyrån Direkt
ASG: DANZAS BUD MOTSVARAR EN PREMIE PÅ 23,8%

99-07-27 Källa: Förenade Landsorts Tidningar
Heidelberger köper hela Scancem

99-11-01 Källa: TT Nyhetsbanken
LÄNSFASTIGHETER LÄGGER BUD PÅ HUMLEGÅRDEN

99-11-15 Källa: Nyhetsbyrån Direkt
HUMLEGÅRDEN: STYRELSEN REKOMMENDERAR LÄNSFASTIGHETERS BUD

99-05-07 Källa:
ICB köps upp eller delas i två

97-09-01 Källa: Nyhetsbyrån Direkt
ICB: FRONTLINE LÄGGER BUD

99-11-16 Källa: Förenade Landsorts Tidningar
Regeringen välkomnar Saabs köp av Celsius

99-11-16 Källa: Nyhetsbyrån Direkt
SAAB: BUD PÅ CELSIUS ETT STEG I RÄTT RIKTNING - ÖB

99-08-16 Källa: Nyhetsbyrån Direkt
AGA: LINDE LÄGGER BUD

99-08-16 Källa: TT Nyhetsbanken
TYSKA LINDE TAR ÖVER AGA

99-08-16 Källa: Nyhetsbyrån Direkt
AGA: LINDE LÄGGER BUD

99-11-15 Källa: Nyhetsbyrån Direkt
Simbel meddelade under morgonen att de lägger ett kontantbud på N&T Argonaut, värt 8:10 kronor för varje A- och B-aktie.

00-02-17 Källa: TT Nyhetsbanken
CLAESSON & ANDERZEN KÖPER UT EVIDENTIA

00-02-17 Källa: Nyhetsbyrån Direkt
EVIDENTIA: C&A LÄGGER BUD VÄRT 91 KR/AKTIE

00-04-04 Källa: Förenade Landsorts Tidningar
BT Industries blir japanskt

00-06-05 Källa: TT Nyhetsbanken
TOYODAS KÖP AV BT INDUSTRIES I HAMN

00-03-20 Källa: TT Nyhetsbanken
SKANDIA LIV LÄGGER BUD PÅ DILIGENTIA
00-03-21 Källa: Dagens Industri
Börs & Finans: Nytt Diligentiabud

00-01-24 Källa: TT Nyhetsbanken
SKANSKA OCH LATOUR SÄLJER PIREN-AKTIER

00-02-10 Källa: Nyhetsbyrån Direkt
PIREN: STYRELSEN REKOMMENDERAR RODAMCOS BUD

00-01-25 Källa: Dagens Industri
Börs & Finans: Finska Rodamco köper Piren

00-10-31 Källa: Nyhetsbyrån Direkt
I samband med att Stena Line släppte sin rapport meddelade Stena AB att bolaget bjuder 8 kronor kontant för varje Stena Line-aktie.

00-05-12 Källa: Förenade Landsorts Tidningar
Finländare tar över Kalmar Industries

00-10-24 Källa: Nyhetsbyrån Direkt
KALMAR: TVÅNGSINLÖSEN INLEDD

98-12-18 Källa: Dagens Industri
Börs & Finans: Nya bud på börsen - Kalmar till Finland

00-08-21 Källa: TT Nyhetsbanken
NS HOLDING LÄGGER BUD PÅ NORRPORTEN

00-09-08 Källa: TT Nyhetsbanken
NORRPORTEN: STYRELSEN SÄGER JA TILL NS HOLDINGS BUD

01-02-19 Källa:
ArosMaizels: Ratos och 3i lämnar rekommenderat kontantbud...

01-04-23 Källa: TT Nyhetsbanken
HILTON KÖPER SCANDIC FÖR 9 MILJARDER

01-03-22 Källa: TT Nyhetsbanken
INDUSTRI KAPITAL LADE NYTT BUD PÅ PERSTORP

01-04-24 Källa: TT Nyhetsbanken
PERSTORPS STYRELSE REKOMMENDERAR BUD FRÅN INDUSTRI KAPITAL

01-05-31 Källa: TT Nyhetsbanken
KONKURRERANDE BUD PÅ PLATZER
01-06-06 Källa: Dagens Industri
Börs & Finans: Styrelsen tackar ja till Platzerbud

01-01-26 Källa: Svenska Dagbladet Näringsliv
Sydkraft blir helt tyskt

00-06-21 Källa: Nyhetsbyrån Direkt
SVEDALA: METSO BJUDER 185 KR/AKTIE

00-06-22 Källa:
Metso köper Svedala

00-06-21 Källa: Nyhetsbyrån Direkt
SVEDALA: METSO BJUDER 185 KR/AKTIE

01-10-10 Källa: Waymaker
Sveaskog AB: Sveaskog går samman med AssiDomän och bildar...

01-10-10 Källa: Nyhetsbyrån Direkt
ASSIDOMÄN: BUDET INNEBÄR PREMIE OM 29%

01-09-29 Källa: Dagens Industri
Rakt på sak: Sveaskog - dyrt namnbyte på Domänverket

02-01-29 Källa: Waymaker
Amerada Hess: Jefferson Smurfit Group erbjuder 77 kronor ...

02-04-03 Källa: TT Nyhetsbanken
SMURFITS KÖP AV MUNKSJÖ KLART

03-01-21 Källa: Nyhetsbyrån Ticker
Allgon: LGP Telecom lägger aktiebud, budpremie 62 %

03-03-26 Källa: TT Nyhetsbanken
STORÄGARE ACCEPTERAR LGP:S BUD PÅ ALLGON

03-02-17 Källa: Nyhetsbyrån Ticker
Scandiaconsult: Ramböll väntas lägga bud på 46 kr - di.se

04-11-15 Källa: TT Nyhetsbanken
FINNVEDENS STYRELSE GODTAR MILJARDBUD

99-01-19 Källa: Nyhetsbyrån Direkt
JP BANK: MATTEUS BUD INNEBÄR PREMIE OM 30%

02-08-01 Källa: Waymaker
Elkem: Elkem lämnar ett offentligt erbjudande - i enlighe...

02-05-24 Källa: Waymaker
Carnegie: Rekommenderat bud på 90 kronor kontant per akti...

Appendix B: Articles for O-list

94-03-15 Källa: Nyhetsbyrån Direkt
KRAMO: SECURUM BJUDER 42 KRONOR PER AKTIE

94-03-13 Källa: Dagens Industri
Börs & Finans: Securum köper Kramo

95-05-12 Källa: Dagens Industri
Börs & Finans: Bud med aktier går bäst
Men efter uppköpen har kurserna gått dåligt

97-08-07 Källa: Dagens Industri
Börs & Finans: Nytt rekord

94-02-24 Källa: Sydsvenska Dagbladet ekonomi
Bondeägda Spira förvärvar Vide

94-02-23 Källa: TT Nyhetsbanken
INVESTMENTBOLAGEN SPIRA OCH VIDE SLÅS SAMMAN

94-02-07 Källa: TT Nyhetsbanken
KLÖVERN OCH BASTIONEN SYD GÅR SAMMAN
93-10-20 Källa: Nyhetsbyrån Direkt
VOLVO: BJUDER 47 KR KONTANT FÖR BCP-AKTIERNA

94-03-29 Källa: Dagens Industri
Börsen tvekar om BCP Volvo gör split

94-10-21 Källa: Dagens Industri
Hidef lägger bud på Gnosjö

94-12-23 Källa: Nyhetsbyrån Direkt
GNOSJÖ-GRUPPEN: HIDEF HAR 94,7% AV KAP, FÖRLÄNGER BUDET

94-10-20 Källa: Nyhetsbyrån Direkt
HIDEF: KONTANTBUDET PÅ GNOSJÖ INNEBÄR PREMIUM PÅ 19%

95-04-03 Källa: Nyhetsbyrån Direkt
SWEGON: LATOUR BJUDER 36:50 KR KONTANT PER AKTIE

95-04-03 Källa: TT Nyhetsbanken
LATOUR BJUDER 36:50 KRONOR FÖR SWEGONAKTIER

95-04-03 Källa: TT Nyhetsbanken
ATLE LÄGGER BUD PÅ KAPN, PRODURA OCH PARTNERINVEST

95-04-03 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: VOLVO NED PÅ AVVAKTANDE BÖRS, OMX +0,3%

94-11-03 Källa: Finanstidningen
Sifab lägger bud på Andersons

94-11-09 Källa: Affärsvärlden
NYHETS-PM: 1-7 NOVEMBER Regeringen vill spara 57 mrd

95-06-02 Källa: Nyhetsbyrån Direkt
BRUKENS: SCANDINAVIAN EQT PARTNERS BJUDER 28% ÖVERKURS

95-05-31 Källa: Finanstidningen
Abu Garcia blir amerikanskt

95-06-08 Källa: Affärsvärlden
BÖRSKOMMENTAR: Fyra bud på två veckor

95-05-30 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: LÄGRE RÄNTOR LYFTER BANKAKTIER, OMX +0,3%

95-05-31 Källa: Dagens Industri
Börs & Finans: Abu Garcia säljs till underkurs

95-06-28 Källa: TT Nyhetsbanken
KANSAS LÄGGER BUD PÅ FRISTADS

95-06-28 Källa: Nyhetsbyrån Direkt
FRISTADS: KANSAS BUD 20% ÖVER SENASTE BETALKURS

95-06-06 Källa: TT Nyhetsbanken
GETINGE LÄGGER BUD PÅ LIC CARE

95-06-08 Källa: Affärsvärlden
BÖRSKOMMENTAR: Fyra bud på två veckor

95-05-30 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: LÄGRE RÄNTOR LYFTER BANKAKTIER, OMX +0,3%

95-05-31 Källa: Dagens Industri
Börs & Finans: Abu Garcia säljs till underkurs

95-06-28 Källa: TT Nyhetsbanken
KANSAS LÄGGER BUD PÅ FRISTADS

95-06-28 Källa: Nyhetsbyrån Direkt
FRISTADS: KANSAS BUD 20% ÖVER SENASTE BETALKURS

95-06-06 Källa: TT Nyhetsbanken
GETINGE LÄGGER BUD PÅ LIC CARE

95-08-07 Källa: TT Nyhetsbanken
ASG KÖPER FRIGOSCANDIA

95-08-16 Källa: Affärsvärlden
NYHETS-PM: 27 juni-14 augusti

95-11-20 Källa: TT Nyhetsbanken
ATLE LÄGGER BUD PÅ KAROLIN INVEST

95-11-20 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: ASTRA SJUNKER PÅ STARK MARKNAD, OMX +1,4%

96-05-09 Källa: TT Nyhetsbanken
IKEA LÄGGER BUD PÅ O-LISTENOTERADE SWEDSPAN

96-05-09 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: NOKIA-RAPPORT BRÖT HÄVDAD TENDENS

96-09-16 Källa: TT Nyhetsbanken
DIÖS KÖPER HEMSTADEN

93-10-20 Källa: Nyhetsbyrån Direkt
SWEDBANK: BCP BACKADE 7:50 KRONOR EFTER VOLVOBUD

97-02-21 Källa: Nyhetsbyrån Direkt
ATLANTICA : INVIK LÄGGER BUD, BJUDER 80 KR KONTANT

97-02-21 Källa: TT Nyhetsbanken
ATLANTICA 12 MÅN: RÖRELSERESULTAT 22,5 MILJONER KRONOR (15,4)

97-03-03 Källa: Nyhetsbyrån Direkt
VENCAP: GRIMALDI INDUSTRI BJUDER 68 KRONOR PER AKTIE

96-04-01 Källa: TT Nyhetsbanken
SCANIA I FOKUS PÅ FALLANDE BÖRS

96-04-01 Källa: TT Nyhetsbanken
SANDVIK LÄGGER BUD PÅ KANTHAL

97-08-09 Källa: Dagens Industri
Vasakronan pyntas för börsen - bjuder 773 Mkr för Gotic

97-08-06 Källa: TT Nyhetsbanken
DILIGENTIA LÄGGER MILJARDBUD PÅ HUFVUDSTADEN INTERNATIONAL

97-08-06 Källa: TT Nyhetsbanken
KRAFTIG UPPGÅNG PÅ STOCKHOLMSBÖRSEN

98-03-30 Källa: Nyhetsbyrån Direkt
NK CITYFASTIGHETER: HUFUVDSTADEN LÄGGER BUD

98-03-31 Källa: Nyhetsbyrån Direkt
MARIEBERG: BONNIERFÖRETAGEN LÄGGER BUD VÄRT 5,4 MDR

98-04-08 Källa: Affärsvärlden
Nyhets-PM: 31 mars - 6 april - Johansson avgår som

98-07-09 (tors /Joyce) Källa: Nyhetsbyrån Direkt
TINA: QUEBECOR PRINTING LÄGER BUD VÄRT 170 KR/AKTIE

98-07-10 Källa: Dagens Industri
Börs & finans:Kanadabud på Tina

98-09-22 Källa: Svenska Dagbladet Näringsliv
Sigma lägger kontantbud på BFE

98-09-23 Källa: Affärsvärlden
Benima Ferator: Billiga konsulter

98-03-16 Källa: Nyhetsbyrån Direkt
PEAK: DANSKA CARLI GRY LÄGGER BUD VÄRT 125 KR/AKTIE

98-03-17 Källa: Dagens Industri
Börs & Finans: Dansk börsraket köper Peak Performance

98-12-08 Källa: Dagens Industri
Börs & Finans: USA-bud snuvade Duni på Liljeholmens

99-04-09 Källa: Nyhetsbyrån Direkt
LILJEHOLMENS: 27% BUDPREMIE FÖR A-AKTIEN

99-11-19 Källa: Nyhetsbyrån Direkt
MONARK STIGA: GRIMALDI LÄGGER KONTANTBUD VÄRT 46 KR/AKTIE

99-03-09 Källa: Svenska Dagbladet Näringsliv
Tyska IVG lägger bud på Asticus

99-03-08 Källa: TT Nyhetsbanken
NEDÅT PÅ BÖRSEN

99-03-09 Källa:Finanstidningen
Dämpat humör i Stockholm
- Ericsson tyngde - Asticus vinnare efter bud

99-08-11 Källa: TT Nyhetsbanken
CHECKPOINT SYSTEMS LÄGGER BUD PÅ METO

99-12-03 Källa: TT Nyhetsbanken
FRAMFAB BLIR DUBBELT SÅ STORT

99-12-22 Källa: Nyhetsbyrån Direkt
ALTHIN: BAXTER BJUDER 100 KR/B-AKTIE

00-02-09 Källa: Nyhetsbyrån Direkt
BALDER: DROTT LÄGGER BUD

00-02-09 Källa: Förenade Landsorts Tidningar
Drott lägger bud på Balder

00-03-17 Källa: Nyhetsbyrån Direkt
NATURKOMPANIET: FRILUFTSBOLAGET LÄGGER BUD

00-03-17 Källa: Nyhetsbyrån Direkt
NATURKOMPANIET: ÄGARE MED 78% ACCEPTERAR BUD

00-03-20 Källa: Nyhetsbyrån Direkt
BÖRSEN: IT OCH TELEKOM BLAND VINNARNA, OMX +2,0%

00-03-23 Källa: Dagens Industri
Nya Cell Mandator blir störst i Europa

00-02-24 Källa: Nyhetsbyrån Direkt
INFO HIGHWAY/CONNECTA: GÅR SAMMAN PÅ LIKA VILLKOR

00-04-10 Källa: Nyhetsbyrån Direkt
PROVOBIS: SCANDIC LÄGGER BUD PÅ UPPEMOT 35 KR/AKTIE - DI

00-04-13 Källa: Svenska Dagbladet Näringsliv
Scandic stärker storstadsgrepp

00-04-12 Källa: Nyhetsbyrån Direkt
PROVOBIS: PREMIE 55% FÖR B-AKTIEN I KONTANTALTERNATIVET

00-05-15 Källa: Förenade Landsorts Tidningar
Tieto Enator köper hela Entra

00-05-08 Källa: Nyhetsbyrån Direkt
FOLKEBOLAGEN: LINDAB BJUDER 43:50 KR/AKTIE

00-06-15 Källa: Förenade Landsorts Tidningar
Carl Bennet lägger bud på Lifco

99-05-25 Källa: Förenade Landsorts Tidningar
Carl Bennet vill köpa Sorb

99-05-26 Källa: Svenska Dagbladet Näringsliv
Bud lagt på Sorb

00-07-25 Källa: Dagens Industri
Börs & Finans: Netcom köper SEC

00-08-21 Källa: TT Nyhetsbanken
BELGISKT FÖRETAG KÖPER IRO

00-08-21 Källa: Nyhetsbyrån Direkt
IRO: BELGISKA VAN DE WIELES BUD TOTALT VÄRT 1.531 MKR

00-08-29 Källa: Nyhetsbyrån Direkt
OPTIMA: JOHNSON CONTROLS LÄGGER BUD VÄRT 62 MLN USD

00-08-29 Källa: Nyhetsbyrån Direkt
OPTIMA: STYRELSEN REKOMMENDERAR JOHNSON CONTROLS BUD

00-08-30 Källa: Nyhetsbyrån Direkt
BÖRSEN: OREGELBUNDEN INLEDNING AV HANDELN, OMX -0,2%

00-09-14 Källa: Finanstidningen
Turnit köper Arete för 444 miljoner kronor.

00-05-12 Källa: Nyhetsbyrån Direkt
BÖRSEN: PPI-SIFFROR ÖKADE KÖPLUSTEN, OMX +1,9%

00-05-20 Källa: Dagens Nyheter - ekonomi
Partek lägger bud på hela Zeteco

00-09-27 Källa: Nyhetsbyrån Direkt
DIÖS: AP FASTIGHETER BJUDER 78 KR KONTANT/AKTIE

00-09-21 Källa: Nyhetsbyrån Direkt
BULTEN: FINNVEDEN BJUDER 45 KR/AKTIE KONTANT

01-01-26 Källa: TT Nyhetsbanken
SEGERSTRÖMS BLIR AMERIKANSKT

01-02-12 Källa: Nyhetsbyrån Direkt
VISION PARK: LÄGGER BUD PÅ IMG

01-02-07 Källa: Dagens Industri
Börs & Finans: Securitas utmärker sig med gott resultat

01-02-12 Källa: Finanstidningen
IMG: VISION PARK och IMG bildar Nordens största bolag ino...

00-10-06 Källa: TT Nyhetsbanken
BERGMAN & BEVING VILL KÖPA FB INDUSTRI

01-05-25 Källa: Finanstidningen
FöreningsSparbanken: TMP Worldwide lägger kontantbud på J...

04-10-28 Källa: DI.se
Näst högsta premien under 2000-talet

01-04-11 Källa: Dagens Nyheter - ekonomi
Nordiska Holding vill köpa Matteus

01-06-21 Källa: Finanstidningen
Talisman Energy Inc.: Talisman lägger kontantbud på Lundi...

01-08-21 Källa: TT Nyhetsbanken
TALISMAN FULLFÖLJER KÖP AV LUNDIN OIL

01-05-31 Källa: Nyhetsbyrån Ticker
Friluftsbolaget: Fjällräven lägger bud på bolaget

01-05-31 Källa: Finanstidningen
Fjällräven: Fjällräven lämnar ett offentligt erbjudande t.

01-09-03 Källa: Nyhetsbyrån Direkt
VISION PARK: KF MEDIA BJUDER 5:00 KR KONTANT PER AKTIE

01-09-07 Källa: Dagens Industri
Börs & Finans: Decam ändrar sig om Vision Park-bud

01-11-12 Källa: Nyhetsbyrån Direkt
VISION PARK: KF:S BUD ACCEPTERAT TILL 96,1%

01-09-03 Källa: TT Nyhetsbanken
NEDÅT PÅ STOCKHOLMSBÖRSEN

01-01-10 Källa: Nyhetsbyrån Direkt
ARTEMA: CARDIAC SCIENCE LÄGGER BUD MED PREMIE PÅ 117%

01-11-27 Källa: TT Nyhetsbanken
CARDIACBUDET PÅ ARTEMA ACCEPTERAT

01-11-20 Källa: Waymaker
Eniro: Eniro lämnar kontant bud på SOL - blir störst på s...

02-01-14 Källa: Waymaker
Scandinavia Online: Insiders har accepterat Eniros bud

02-07-05 Källa: Waymaker
Teleca: Teleca lägger offentligt bud på O-listenoterade P...

02-09-06 Källa: Waymaker
Teleca: Teleca fullföljer budet på Pronyx

02-01-02 Källa: Waymaker
AU-System: Samgåendet mellan Teleca och AU-System-Prospek...

02-08-29 Källa: Waymaker
Kauphting Investment Bank: Kaupthing lämnar ett offentlig...

01-12-18 Källa: Dagens Industri
Börs & Finans: Dimension bjuder 27,5 Mkr för Kipling
01-12-14 Källa: Nyhetsbyrån Ticker
Johnson Pump: TMT One lägger bud, budpremie 20 %

02-01-17 Källa: TT Nyhetsbanken
TMT ONE LÄGGER BUD PÅ JOHNSON PUMP

02-04-23 Källa: Nyhetsbyrån Direkt
REALIA: COLUMNA LÄGGER BUD

02-05-18 Källa: Dagens Industri
BÖRSKRÖNIKAN: Realia värt ett bättre öde

03-02-05 Källa: Waymaker
Vodafone Group PLC: Vodafone offentliggör erbjudande att ...

03-01-14 Källa: Dagens Industri
Börs & Finans: Vodafone spelar Svälta räv med sm€ägarna

03-02-14 Källa: Dagens Industri
Börs & Finans: Finsk matjätte köper Diffchamb

03-06-13 Källa: Nyhetsbyrån Ticker
Celtica: Ljungberggruppen lägger kontantbud på 58 kr/aktie

03-01-09 Källa: TT Nyhetsbanken
HUVUDÄGARE LÄGGER BUD PÅ EPSILON

03-06-13 Källa: TT Nyhetsbanken
BÖRSEN TYNGDES AV USA-STATISTIK

03-01-09 Källa: TT Nyhetsbanken
HUVUDÄGARE LÄGGER BUD PÅ EPSILON

03-01-09 Källa: Nyhetsbyrån Ticker
Epsilon: Handlas vid 21,10 kr efter bud på 22 kr

03-02-28 Källa: TT Nyhetsbanken
ADERA VILL BLI IT-KONSULT IGEN

03-04-09 Källa: Affärsvärlden
Billigast köpa kontant
03-03-25 Källa: Nyhetsbyrån Direkt

SOL: HUVUDÄGARE ERBJUDER 7 KR/AKTIE KONTANT

03-04-07 Källa: TT Nyhetsbanken
STRAUMANN LÄGGER BUD PÅ BIORA

03-03-20 Källa: Waymaker
LRF, Lantbrukarnas Ekonomi AB: LRF om kontantbudet på Man...

| 03-06-26 Källa: Nyhetsbyrån Direkt
PERBIO: FISHER SCIENTIFIC LÄGGER BUD VÄRT 714 MLN USD

03-06-27 Källa: Sydsvenska Dagbladet ekonomi
SEB kan stoppa köp av Perbio

03-11-04 Källa: TT Nyhetsbanken
SYDKRAFT LÄGGER BUDET PÅ GRANING

03-12-16 Källa: TT Nyhetsbanken
AKTIESPARARNA SÅGAR BUD PÅ GRANINGE

03-11-21 Källa: Waymaker
Eiendomsspar AS: Eiendomsspar AS och Sundt AS lämnar kont...

03-12-19 Källa: TT Nyhetsbanken
AKTIESPARARNA GILLAR HÖJT BUD PÅ PANDOX

02-11-18 Källa: Nyhetsbyrån dierekt (SE NEDAN/J)
BÖRSEN: UTFORS STEG KRAFTIGT EFTER TELENORBUD, OMX +2,2%

02-12-09 Källa: Nyhetsbyrån Ticker
Utfors: Telenor erhåller dispens från budplikt

02-12-10 Källa: Dagens Industri
Börs & Finans: Budplikten inget hinder för Telenor

03-12-01 Källa: Reuters svenska ekonomi-nyheter
LGP ALLGON - Amerikanska Powerwave lägger bud på bolaget

03-12-01 Källa: TT Nyhetsbanken
AMERIKANSKT BUD PÅ LGP ALLGON

03-12-19 Källa: Nyhetsbyrån Direkt
HOIST: STIGER 26% EFTER BESKED OM BUD

04-05-06 Källa: Waymaker
Sigma: Sigma lägger offentligt bud på O-listenoterade RKS

04-06-29 Källa: Nyhetsbyrån Direkt
DROTT: STENA LÄGGER BUD PÅ 150 KR/AKTIE

04-08-24 Källa: Nyhetsbyrån Direkt
FRANGO: COGNOS BJUDER 85 KR KONTANT FÖR B-AKTIERNA

04-08-25 Källa: Dagens Industri
Kanonbud, Frango

04-09-22 Källa: DI.se
Ägaruppror gav högre bud på Frango

03-10-20 Källa: DI.se
Ratos lägger bud på Tornet

01-05-30 Källa: TT Nyhetsbanken
WSP HAR ÖVER 46 PROCENT I J&W

04-12-22 Källa: Waymaker
Nocom : Nocom och TurnIT går samman och bildar en ny, star...

04-11-19 Källa: Waymaker
Scania: Scania lägger offentligt erbjudande till aktieäga...

04-09-14 Källa: Nyhetsbyrån Direkt
SONG NETWORKS: TDC LÄGGER BUD 70 KR/AKTIE KONTANT

04-12-22 Källa: TT Nyhetsbanken
FORTSATT UPP PÅ BÖRSEN

97-08-29 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: NEW YORK FORTSATTE ATT TYNGA, OMX -1,1%

03-12-11 Källa: DI.se
Överraskande uppköp av börsaktuella Altima

01-04-11 Källa: Svenska Dagbladet Näringsliv
Nordiska tar över Matteus

02-04-24 Källa: Dagens Industri
Börs & Finans: Columna lägger bud på Realia

02-04-23 Källa: Nyhetsbyrån Direkt
REALIA: COLUMNAS BUD VÄRT 545 MKR, PREMIE 1%

97-11-24 Källa: Nyhetsbyrån Direkt
ARGONAUT/N&T: STYRELSERNA FÖRESLÅR SAMGÅENDE

97-01-09 Källa: Nyhetsbyrån Direkt
FONDBÖRSEN: OREGELBUNDEN TENDENS I ÖPPNINGEN, OMX -0,2

99-11-26 Källa: Nyhetsbyrån Direkt
BÖRSEN: NOKIA OCH ERICSSON LYFTER, OMX +1,3%

99-03-31 Källa: Dagens Industri
Börs & Finans: Små rörelser på påskledig börs

00-02-24 Källa: Nyhetsbyrån Direkt
BÖRSEN: ASTRAZENECA FALLER EFTER RAPPORT, OMX +1,6%

03-11-24 Källa: Nyhetsbyrån Direkt
DIMENSION:NEGATIV BUDPREMIE 1% BASERAT PÅ TORSDAGENS KURSER

Appendix C: Acquisitions – Target firms on A-list

Target company	Buyer company	Year	Quarter	Stockprice b/f bid	Bid price	Bid premium	Bid date	Cash/Stock	Note
Nobel Ind. AB	Akzo NV	1994	1	22,00 kr	29,60 kr	50,00%	1993-11-09	Stock	19
Sydsvenska Dagbladets	Marieberg	1994	2	205,00 kr	292,85 kr	33,00%	1994-01-24	Stock	
Cardo Inv. AB	Incentive	1994	2		500,00 kr	25,00%	1994-04-25	Cash	
Export-Invest AB	Investor	1994	3	137,00 kr	172,00 kr	25,55%	1994-03-14	Stock	
NCB AB	AssiDomän	1994	3	2,20 kr	2,07 kr	-5,91%	1994-03-10	Stock	
ESAB	Charter PLC	1994	4		345,00 kr	21,00%	1994-06-29	Cash	
Aritmos AB	Proventus	1995	1		33,00 kr	27,00%	1994-12-19	Cash	
Råckstahus AB	Stena AB	1995	1	75,00 kr	87,00 kr	16,00%	1994-12-21	Cash	
Proventus AB	Weil Invest	1995	2	64,00 kr	79,00 kr	23,44%	1995-02-24	Cash	
Hilab	Exab	1995	4	24,50 kr	28,00 kr	14,29%	1995-06-09	C&S	
Arjo	Getinge	1995	4	66,00 kr		32,00%	1995-07-13	C&S	
Gambro	Incentive	1996	1		155,00 kr	23,00%	1996-01-02	Cash	
Stancia	Prifast	1996	2	22,00 kr	120,00 kr	36,36%	1995-06-12	Stock	
Skåne-Gripen	Skanska	1996	3	63,50 kr	85,50 kr	34,65%	1996-06-10	Cash	
Forsheda	TI Group PLC	1996	4	165,00 kr	225,00 kr	39,00%	1996-10-07	Cash	
Orrefors Kosta Boda	OKB Holding	1996	4						1
Terra Mining	William Resources	1997	1		162,50 kr	23,00%	1996-11-04	Cash	
M2	Wihlborgs	1997	2		100,80 kr	29,00%	1996-11-27	C&S	
Östgöta Enskilda Bank	Den Danske Bank	1997	2		50,00 kr	90,00%	1997-03-17	Cash	
Stadshypotek	SHB	1997	2	182,00 kr	180-190	4,40%	1996-12-12	Cash	
Siab	NCC	1997	2	40,00 kr		28,00%	1997-02-18	Stock	
United Tankers	Broströms Red.	1997	3		35,00 kr	23,00%	1996-03-13	Cash	
Skoogs	Trelleborg	1997	4		75,00 kr	23,00%	1996-09-04	Cash	
Fabege	Näckebro	1997	4	104,00 kr	85,00 kr	26,00%	1997-06-03	Cash	
Trygg-Hansa	SEB	1998	1	246,00 kr	244,00 kr	-0,81%	1997-10-03	C&S	
Forcenergy	Forcenergy Inc.	1998	1						2
Linjebuss	CGEA Transport	1998	2		112,00 kr	22,00%	1997-12-09	Cash	
Gullspång	IVO	1998	2	119,00 kr	126,00 kr	5,88%	1997-12-15	Cash	
SIFAB	Tornet	1998	2	51,50 kr		15,24%	1998-02-19	C&S	
Näckebro	Drott	1998	4		126,00 kr	18,00%	1998-09-08	Cash	
PLM	Rexam	1999	1	85,50 kr	118,00 kr	38,01%	1998-11-30	Cash	
JP Bank	Matteus	1999	1	37,00 kr		30,00%	1999-01-19	stock	
Dahl International	EQT & Ratos	1999	2	88,50 kr	130,00 kr	46,89%	1999-02-12	Cash	
Spectra-Physics AB	Thermo Instrument	1999	2	156,50 kr	160,00 kr	2,24%	1999-01-07	Cash	
BTL AB	Stinnes	1999	2				1999-02-01	Cash	5

Target company	Buyer company	Year	Quarter	Stockprice b/f bid	Bid price	Bid premium	Bid date	Cash/Stock	Note
Prifast	Balder	1999	2		75,00 kr	32,00%	1999-03-01	Cash	
BPA	Procuritas Cap Partners 2	1999	3				1999-04-29	Cash	6
Scancem	Newcem Holding	1999	4	370,00 kr	378,15 kr	2,20%	1999-07-27	Cash	
ASG	Danzas	1999	4		265,00 kr	24,00%	1999-04-26	Cash	
Humlegården	Länsfastigheter	1999	4				1999-11-01	Cash	7
ICB Shipping	Frontline	1999	4				1997-09-01	Cash	8
N&T Argonaut AB	Simbel	2000	1				1999-11-15	Cash	9
Celsius	Saab	2000	1	127,65 kr	179,00 kr	40,23%	1999-11-16	Cash	
AGA	Linde AB	2000	2	132,00 kr	141,00 kr	6,82%	1999-08-16	Cash	
Evidentia	Claesson & Anderzen	2000	2	80,00 kr	91,00 kr	13,75%	2000-02-17	Cash	
BT Industries	Toyoda Automatic	2000	3	202,00 kr	275,00 kr	36,14%	2000-04-04	Cash	
Diligentia	Skandia Liv	2000	3		90,00 kr	23,00%	2000-03-20	Cash	
KM	JM Bygg	2000	3						3
Piren	Rodamco NV	2000	3	68,00 kr	69,60 kr	2,35%	2000-01-25	Cash	
Kalmar Industries	Partek	2000	4	63,75 kr	126,00 kr	97,65%	1998-12-18	Cash	
Norrporten	NS Holding	2000	4	118,00 kr	140,00 kr	18,64%	2000-08-21	Cash	
Stena Line	Stena AB	2001	1	7,00 kr	8,00 kr	14,29%	2000-10-30	Cash	
Atle	Ratos AB & 3i Group PLC	2001	2	125,60 kr	153,00 kr	21,82%	2001-02-19	Cash	
Scandic Hotels	Hilton Group PLC	2001	3		108,00 kr	30,90%	2001-04-23	C&S	
SAS Sverige AB	SAS	2001	3				2001-05-08	Stock	13
Perstorp	Sydsvenska Kemi	2001	3	85,80 kr	111,10 kr	29,49%	2001-03-22	Cash	
Platzer Fastigheter	Ernströmgruppen AB	2001	3	14,00 kr	16,00 kr	14,29%	2001-05-31	Cash	
Lindab AB	Lindab Intressenter	2001	3	114,50 kr	144,00 kr	25,76%	2001-05-14	Cash	
Spendrups	Spendrup Invest AB	2001	3	33,60 kr	42,00 kr	25,00%	2001-04-30	Cash	
Sydkraft	E. ON Energie AB	2001	3				2001-01-26	Cash	10
Svedala Industri	Metso ABP	2001	3		185,00 kr	54,00%	2000-06-21	Cash	
AssiDomän	Sveaskog	2002	1			29,00%	2001-09-29	C&S	
Munksjö	Smurfit Hudins	2002	2	63,00 kr	85,00 kr	34,92%	2002-01-29	Cash	
Esselte	JWCA	2002	2		90,00 kr	30,00%	2002-05-24	cash	
Sapa AB	Elkem Sweden	2002	3	173,00 kr	175,00 kr	1,16%	2002-08-01	cash	
Allgon	LGP Telecom	2003	2			62,00%	2003-01-21	Stock	
Scandiaconsult	Ramböll	2003	2	46,00 kr	46,00 kr	0,00%	2003-02-17	Cash	
Finnveden AB	Nordic Capital	2004	4		75,00 kr	35,00%	2004-11-15	Cash	

Appendix D: Acquisitions – Target firms on O-list

Target company	Buyer company	Year	Quarter	Stock price b/f bid	Bid price	Bid premium	Bid date	Cash/Stock	Note
Kramo AB	Securum	1994	2		42,00 kr	1,20%	1994-03-15	Cash	
Vide Invest	Spira Invest	1994	3			0,18%	1994-02-24	Stocks	
Bastionen Syd AB	Klövern	1994	4			93,46%	1994-02-07	Stocks	
BCP AB	Volvo	1994	4	77,00 kr	47,00 kr	-38,96%	1993-10-20	C&S	20
Gnosjö-Gruppen	Hidef	1995	1			20,00%	1994-10-21	C&S	
Bergaliden AB	Bergaliden Holding	1995	1						4
Anderson AB	Sifab	1995	1			0,00%	1994-11-03	Stocks	
Swegon AB	Latour	1995	2		36,50 kr	22,00%	1995-04-03	Cash	
Produra	Atle	1995	3	36,00 kr	46,25 kr	28,47%	1995-04-03	Cash	
Partnerinvest	Atle	1995	3	33,00 kr	45,20 kr	36,97%	1995-04-03	Cash	
KapN	Atle	1995	3	34,00 kr	42,00 kr	23,53%	1995-04-03	Cash	
Brukens Nordic	EQT Industri	1995	3			28,00%	1995-06-02	Cash	
Abu Garcia	Berkley	1995	3	19,00 kr	18,00 kr	-5,26%	1995-05-31	Cash	
Fristads	Kansas EHR SB.	1995	3		200,00 kr	20,00%	1995-06-28	Cash	
LIC Care	Getinge	1995	3		73,00 kr	35,00%	1995-06-06	Cash	
Frigoscandia	ASG	1995	4			20,00%	1995-08-07	C&S	
Karolin Invest	Atle	1996	1	185,00 kr	225,00 kr	22,00%	1995-11-20	Cash	
Swedspan	Ikea	1996	2	63,00 kr	75,00 kr	19,05%	1996-05-09	Cash	
Hemstaden	Diös	1997	1			19,23%	1996-09-16	Stocks	
Atlantica	Invik	1997	2	72,00 kr	80,00 kr	11,00%	1997-02-21	Cash	
Vencap	Grimaldi	1997	2	62,00 kr	68,00 kr	10,00%	1997-03-03	Cash	
VBBgruppen	SWECO AB	1997	2				1997-03-10	Stocks	14
Gotic	Vasakronan	1997	4			12,50%	1997-08-08	Cash	
Hufvudstaden Int	Diligentia	1997	4			25,00%	1997-08-06	Stocks	
NK cityfastigheter AB	Hufvudstaden	1998	1	58,50 kr		26,44%	1998-03-30	Stocks	
Nordström & Thulin	Argonaut AB	1998	1			2,5%	1997-11-24	Stocks	
Tidnings AB Marieberg	AB Bonnier företagen	1998	3			25,00%	1998-03-31	Cash	
Peak Performance AB	Carli Gry	1998	3	122,00 kr	125,00 kr	2,46%	1998-03-16	C&S	
Tryckinvest i Norden AB	Quebecor Printing Scandinavia	1998	3		170,00 kr	12,00%	1998-07-09	Cash	
Benima Ferator Eng.	Sigma	1998	4		34,00 kr	62,00%	1998-09-21	Cash	
IPC	Sands Petroleum AB	1999	1			14,34%	1997-01-09	Stocks	

Target company	Buyer company	Year	Quarter	Stock price b/f bid	Bid price	Bid premium	Bid date	Cash/Stock	Note
Liljeholmens stearinfabrik AB	Blyth Inc.	1999	2				1999-04-09	Cash	11
Sorb industri	Carl Bennet	1999	2	35,00 kr	45,00 kr	28,60%	1999-05-25	Cash	
Enator	Tieto Corp. Oyj	1999	2				1999-03-30	Stocks	15
Monark stiga	Grimaldi Industri AB	1999	4		46,00 kr	48,00%	1999-11-19	Cash	
Asticus	IVG Holding AG	1999	4	85,00 kr	117,00 kr	38,00%	1999-03-08	Cash	
Spira	Konsortium	1999	4	132,50 kr	173,00 kr	30,57%	1997-08-29	Cash	
Meto	Checkpoint Inc.	1999	4		65,00 kr	63,00%	1999-08-11	Cash	
Graningeverkens	Graninge	1999	4				1999-11-26	Stocks	16
Guide Konsult	Framtidsfabriken (Framfab)	2000	1			40,00%	1999-12-03	Stocks	
Althin Medica	Baxter Sweden	2000	1		100,00 kr	47,00%	1999-12-22	Cash	
Balder	Drott	2000	2	102,00 kr	135,00 kr	32,00%	2000-02-09	Cash	
Naturkompaniet	Friluftsbolaget	2000	2	72,00 kr			2000-03-20	C&S	17
Cell network	Mandator	2000	2			26,00%	2000-02-08	Stocks	
Connecta	Information Highway	2000	2			-4,32%	2000-02-24	Stocks	
Provobis Hotel & Restauranger	Scandic Hotels	2000	2			75,00%	2000-04-12	C&S	
Entra Data AB	Tieto enator	2000	3			23,00%	2000-05-15	Stocks	
FolkeBolagen	Lindab	2000	3			55,00%	2000-05-08	Cash	
SEC	Netcom	2000	3			22,30%	2000-07-24	Cash	
Lifco	Carl Bennet	2000	4		42,00 kr	23,50%	2000-06-15	Cash	
IRO	Van de Wiele	2000	4		122,50 kr	30,30%	2000-08-21	Cash	
Gylling Optima Batteries	Johnson Control	2000	4	11,20 kr	20,00 kr	78,57%	2000-08-28	Cash	
Arete	TurnIT	2000	4			31,00%	2000-09-13	Stocks	
Zeteco	Partek	2000	4	195,00 kr	199,00 kr	2,05%	2000-05-12	Cash	
Diös	AP Fastigheter	2000	4		78,00 kr	32,00%	2000-09-27	Cash	
Bulten	Finnveden	2001	1		45,00 kr	50,00%	2000-09-21	Cash	
Segerström & Svensson	Sanmina	2001	1			72,00%	2001-01-26	Stocks	
IMG	Vision park	2001	2			30,00%	2001-02-12	Stocks	
FB Industri Holding	Bergman & Beving	2001	2		30,00 kr	44,00%	2000-10-06	Cash	
Jacobson & Widmark	WSP Group Plc.	2001	3	170,00 kr	200,00 kr	17,65%	2001-05-11	Cash	
Jobline	TMP worldwide inc	2001	3	11,50 kr	30,70 kr	167,00%	2001-05-25	Cash	
Matteus	Nordiska Holding	2001	3			40%	2001-04-11	Stocks	
Lundin Oil	Talisman Energy Inc.	2001	4		36,60 kr	25,90%	2001-06-21	Cash	
Friluftsbolaget Ekelund & Segner	Fjällräven AB	2001	4				2001-05-31	C&S	18

Appendix

Target company	Buyer company	Year	Quarter	Stock price b/f bid	Bid price	Bid premium	Bid date	Cash/Stock	Note
Vision Park	KF Media	2001	4	4,18 kr	5,00 kr	19,54%	2001-09-03	Cash	
Artema Medical	Cardiac Science	2001	4			117,00%	2001-01-10	Stocks	
Scandinavia Online AB	Eniro AB	2002	1	8,00 kr	11,50 kr	44,00%	2001-11-20	Cash	
AU-System	Teleca	2002	1			30,00%	2001-12-10	Stocks	
Kipling Holding	Dimension	2002	1			12,00%	2001-12-18	C&S	
Johnson pump	TMT one	2002	1	20,00 kr	24,00 kr	20,00%	2001-12-14	C&S	
IMS Data AB	TMT one	2002	2	2,30 kr	4,05 kr	76,09%	2002-02-18	Cash	
Realia	Columna	2002	2			1,00%	2002-04-23	Stocks	
Pronyx AB	Teleca	2002	4			13,00%	2002-07-05	C&S	
JP Nordiska	Kaupthing	2003	1	8,50 kr	12,00 kr	41,00%	2002-08-29	Stocks	
Europolitan Vodafone	Vodafone group plc	2003	1			0,00%	2003-02-05	Cash	
Utfors	Telenor	2003	2		0,99 kr	0,00%	2002-11-18	Cash	
Epsilon	Danir	2003	2	17,20 kr	22,00 kr	34,00%	2003-01-09	Cash	
Diffchamb	Raisio	2003	2		42,00 kr	50,00%	2003-02-14	Cash	
Svenska Orient Linien	Sol intressenter	2003	2	5,07 kr	7,00 kr	38,00%	2003-03-25	Cash	
Biora	Straumann Holding AG	2003	3			41,00%	2003-04-07	Cash	
Celtica	Ljungberggruppen	2003	3	51,02 kr	58,00 kr	13,68%	2003-06-13	Cash	
Perbio Science	Fisher Scientific International Inc.	2003	3		142,50 kr	14,00%	2003-06-26	Cash	
Mogul AB	Adera	2003	4			175,00%	2003-02-28	Stocks	
Mandamus	LRF Fastigheter	2003	4		84,00 kr	14,00%	2003-03-20	Cash	
Graninge	Sydkraft	2004	1	201,00 kr	201,00 kr	0,00%	2003-11-04	Cash	
Pandox	Apes Holding	2004	1	96,50 kr	105,00 kr	8,80%	2003-11-21	Cash	
Altima AB	Ramirent Oyj	2004	1			50%	2003-12-10	Stocks	
LGP Allgon Holding	Powerwave	2004	2	44,80 kr	61,87 kr	38,00%	2003-12-01	C&S	
Dimension AB	ProAct IT Group AB	2004	1			-1%	2003-11-24	C&S	
RKS	Sigma	2004	3			20,00%	2004-05-06	Stocks	
Bostads AB Drott	Stena Fastighetsförvaltning	2004	4		150,00 kr	11,00%	2004-05-29	Cash	
Frango	Cognos Inc.	2004	4				2004-08-24	Cash	12
Tornet	Ratos	2004	4		190,00 kr	6,50%	2003-10-20	Cash	
Song Networks Holding	TDC A/S	2004	4			47,4%	2004-09-14	Cash	
Ainax AB	Scania AB	2005	1			1,2%	2004-11-19	Stocks	
I.A.R Systems AB	Nocom AB	2005	4			28%	2004-12-22	Stocks	
TurnIT AB	Nocom AB	2005	4			28%	2004-12-22	Stocks	

Appendix E: Non - response

Note 1 – 4 Takeovers excluded from study

4 acquisitions were not included in the sample for this study. Effort was made in order to find the information needed but this could not be attained.

These acquisitions took place in 1995 - 2000 and the authors could not find articles regarding these takeovers in *Affärsdata*, in order to estimate the date of the bid or the acquisition premium. Furthermore, the database provided by OMX could not be used for the takeovers in 1995-1998 (note 1-3) as the database only contains information for takeovers 1999-2005. In some cases, this database provided information regarding takeovers taking place before 1999, as in the case of Sweco and VBB (note 14), however this was not the case for these takeovers. The take over of note 4 took place in 2000; however OMX did not have information regarding this acquisition.

The following companies and people were contacted but the information needed could not be obtained;
Aktiespararna : 08 506 54 590
Affärsvärlden. 08 – 7966500
Börsdata: 08 – 527 27 200
Fondbörsen: 08 – 405 60 00
Scandinavian information exchange (Six): 08 – 736 51 00.
OKB Holdings, Urban Engqvist: 0481 – 340 00
Bergaliden Holding: 042 – 21 19 59
OMXS: 08 – 405 70 22 & 08 – 405 60 00
Förvärv & Fusioner, Magnus Heinstedt: 070 – 572 45 40
New wave: 0909 – 24 65 00

Note 5 –18 Takeovers excluded from question two.

Note 5-12 Premiums for A- and B stocks:

In some cases, earlier articles for the takeovers provided by Affärsdata presented two premiums for the same takeover, one for the A- and one for the B stocks. In order to calculate the weighted premium the number of A- and B-stocks for the target firm, at the time of the acquisition is needed.

To find this information, earlier annual reports of the target firms needed to be examined. The target firms could normally not be contacted due to the fact that they do not exist anymore and because of the limited amount of time and resources, the only place for the authors to find earlier annual reports was the library of Jönköping University. However, the library did not have the annual reports of the target companies for the same years as the takeovers took place. The following list provides an example regarding of this matter:

Liljeholmens stearinfabrik:	Takeover: 1999	Annual report in library: 1997
Frango	Takeover: 2004	Annual report in library: 2001
N&T Argonaut AB	Takeover: 2000	Annual report in library: 1997&1997

Note 13–16 Missing stock prices

The premium paid for these acquisitions could not be calculated as the stock price for the involved companies, before the bid were needed. Although several companies were contacted (see previous list) this information could not be obtained and therefore the authors had no choice than to exclude these acquisitions from the analysis for question two. In addition to the previous list of contacted companies and people, this company was also contacted, but no further information could be obtained; Sweco: 08 – 695 60 00
Sweco, Odd Stenhagen: 08 – 695 66 27.

Note 17 – 18 Premiums for stock- and cash alternative

These two takeovers had also two premiums provided, one for the cash alternative and one for the stock alternative. However, the authors had no information regarding the number of shareholders that chose either cash or stocks and therefore the premiums for these takeovers could not be calculated. Nevertheless, a number of premiums for takeovers could be calculated by getting information about stock prices before the bid for the involved companies. Further information regarding this is found in the following table;

Stock price before bid obtained from OMXS & SIX

Company	Date one day before bid	Stock price	Source for data
Bastionen Syd AB	1994-02-04	2,25	2
Klövern	1994-02-06	18,5	1
Volvo	1993-10-19	429	1
Vide Invest	1994-02-26	31,5	2
Spira Invest	1994-02-23		X
NCB AB	1994-03-08	2,2	2
Spectra Physics AB	1999-01-06	156,5	1
Tornet	1998-02-18	117	1
Scancem	1999-07-26	370	1
Produra	1995-03-30	36	2
Partnerinvest	1995-03-30	33	2
KapN	1995-03-30	34	2
Atle	1995-04-02	33,4	1
Hufvudstaden Int	1997-08-05		X
NK cityfastigheter AB	1998-03-19	58,5	1
Hufvudstaden	1998-03-19	31,7	1
Connecta	2000-02-23	398	2
Information Highway	2000-02-23		X
IMS Data AB	2002-02-15	2,3	2
Realia	2002-04-22	98	1
Columna	2002-04-22	37	2
Naturkompaniet	2000-03-19	72	1
Friluftsbolaget	2000-03-13	16	2
Evidentia	2000-02-16	80	1
SAS Sverige AB	2001-05-07		X
SAS	2001-05-07		X
Spendrups	2001-04-29	33,6	1

1) OMXS - Johan Isaksson, email: info.stockholmsborsen@omxgroup.com
2) Scandinavian information exchange (SIX) - 08 - 736 51 00
X) Information not available

Note 19 – 20 Takeovers with bids made 1993

These two takeovers were completed during the time span of this study but the bids for these acquisitions were made during 1993 and therefore these are not included in the study.

Appendix F: Number of bids

A-list			O-list			Total		
Year	Quarter	Number of bids	Year	Quarter	Number of bids	Year	Quarter	Number of Bids
1994	Q1	3	1994	Q1	3	1994	Q1	6
	Q2	2		Q2	0		Q2	2
	Q3	0		Q3	0		Q3	0
	Q4	2		Q4	2		Q4	4
1995	Q1	1	1995	Q1	0	1995	Q1	1
	Q2	2		Q2	8		Q2	10
	Q3	1		Q3	1		Q3	2
	Q4	0		Q4	1		Q4	1
1996	Q1	2	1996	Q1	0	1996	Q1	2
	Q2	1		Q2	1		Q2	2
	Q3	1		Q3	1		Q3	2
	Q4	4		Q4	0		Q4	4
1997	Q1	2	1997	Q1	4	1997	Q1	6
	Q2	1		Q2	0		Q2	1
	Q3	1		Q3	3		Q3	4
	Q4	3		Q4	1		Q4	4
1998	Q1	1	1998	Q1	3	1998	Q1	4
	Q2	0		Q2	0		Q2	0
	Q3	1		Q3	2		Q3	3
	Q4	2		Q4	0		Q4	2
1999	Q1	5	1999	Q1	2	1999	Q1	7
	Q2	2		Q2	2		Q2	4
	Q3	2		Q3	1		Q3	3
	Q4	3		Q4	4		Q4	7
2000	Q1	3	2000	Q1	4	2000	Q1	7
	Q2	2		Q2	5		Q2	7
	Q3	1		Q3	6		Q3	7
	Q4	1		Q4	1		Q4	2
2001	Q1	3	2001	Q1	3	2001	Q1	6
	Q2	5		Q2	5		Q2	10
	Q3	1		Q3	1		Q3	2
	Q4	0		Q4	4		Q4	4
2002	Q1	1	2002	Q1	1	2002	Q1	2
	Q2	1		Q2	1		Q2	2
	Q3	1		Q3	2		Q3	3
	Q4	0		Q4	1		Q4	1
2003	Q1	2	2003	Q1	6	2003	Q1	8
	Q2	0		Q2	3		Q2	3
	Q3	0		Q3	0		Q3	0
	Q4	0		Q4	6		Q4	6
2004	Q1	0	2004	Q1	0	2004	Q1	0
	Q2	0		Q2	2		Q2	2
	Q3	0		Q3	2		Q3	2
	Q4	1		Q4	3		Q4	4
		64			**95**			**159**

Appendix G: Number of bids & OMXS Index; Question 1

Number of Bids	OMXS Index Xt	OMXS Index Xt-1	OMXS Index Xt-2	OMXS Index Xt-3
6	87,05735			
2	83,10647026	87,05735		
0	83,04897756	83,10647026	87,05735	
4	85,52854435	83,04897756	83,10647026	87,05735
1	85,90516036	85,52854435	83,04897756	83,10647026
10	91,90557213	85,90516036	85,52854435	83,04897756
2	101,2254102	91,90557213	85,90516036	85,52854435
1	99,62804555	101,2254102	91,90557213	85,90516036
2	105,8839417	99,62804555	101,2254102	91,90557213
2	113,2947013	105,8839417	99,62804555	101,2254102
2	115,4932433	113,2947013	105,8839417	99,62804555
4	132,3523417	115,4932433	113,2947013	105,8839417
6	155,1349947	132,3523417	115,4932433	113,2947013
1	163,8140917	155,1349947	132,3523417	115,4932433
4	182,9305587	163,8140917	155,1349947	132,3523417
4	174,1024533	182,9305587	163,8140917	155,1349947
4	196,2953927	174,1024533	182,9305587	163,8140917
0	218,4399687	196,2953927	174,1024533	182,9305587
3	193,711874	218,4399687	196,2953927	174,1024533
2	190,7509327	193,711874	218,4399687	196,2953927
7	204,033808	190,7509327	193,711874	218,4399687
4	221,8670563	204,033808	190,7509327	193,711874
3	230,922606	221,8670563	204,033808	190,7509327
7	286,0798683	230,922606	221,8670563	204,033808
7	364,2814167	286,0798683	230,922606	221,8670563
7	362,7740927	364,2814167	286,0798683	230,922606
7	345,9018137	362,7740927	364,2814167	286,0798683
2	299,9013733	345,9018137	362,7740927	364,2814167
6	270,1256176	299,9013733	345,9018137	362,7740927
10	256,0332316	270,1256176	299,9013733	345,9018137
2	220,7466212	256,0332316	270,1256176	299,9013733
4	228,4214003	220,7466212	256,0332316	270,1256176
2	227,9343049	228,4214003	220,7466212	256,0332316
2	196,9494974	227,9343049	228,4214003	220,7466212
3	151,8823029	196,9494974	227,9343049	228,4214003
1	157,418013	151,8823029	196,9494974	227,9343049
8	141,2299357	157,418013	151,8823029	196,9494974
3	156,6442503	141,2299357	157,418013	151,8823029
0	173,9082003	156,6442503	141,2299357	157,418013
6	189,9945499	173,9082003	156,6442503	141,2299357
0	209,6143575	189,9945499	173,9082003	156,6442503
2	209,5353216	209,6143575	189,9945499	173,9082003
2	210,1812205	209,5353216	209,6143575	189,9945499
4	223,1893253	210,1812205	209,5353216	209,6143575
		223,1893253	210,1812205	209,5353216
			223,1893253	210,1812205
				223,1893253

Appendix H: Autocorrelation analysis OMXS index

Model Description

Model Name		MOD_3
Series Name	1	OMXSXt
	2	OMXSXt1
	3	OMXSXt2
	4	OMXSXt3
	5	OMXSXt4
	6	OMXSXt5
	7	OMXSXt6
Transformation		None
Non-Seasonal Differencing		0
Seasonal Differencing		0
Length of Seasonal Period		No periodicity
Maximum Number of Lags		16
Process Assumed for Calculating the Standard Errors of the Autocorrelations		Independence(white noise)
Display and Plot		All lags

Applying the model specifications from MOD_3

Case Processing Summary

		OMXSXt	OMXSXt1	OMXSXt2	OMXSXt3	OMXSXt4	OMXSXt5	OMXSXt6
Series Length		51	51	51	51	51	51	51
Number of Missing Values	User-Missing	0	0	0	0	0	0	0
	System-Missing	7[a]	7[a]	7[a]	7[a]	7[a]	7[a]	7[a]
Number of Valid Values		44	44	44	44	44	44	44
Number of Computable First Lags		43	43	43	43	43	43	43

a. Some of the missing values are imbedded within the series.

Autocorrelations

Series: OMXSXt

Lag	Autocorrelation	Std. Error[a]	Box-Ljung Statistic Value	df	Sig.[b]
1	,929	,146	40,647	1	,000
2	,816	,144	72,763	2	,000
3	,690	,142	96,238	3	,000
4	,558	,141	111,999	4	,000
5	,439	,139	122,016	5	,000
6	,340	,137	128,175	6	,000
7	,259	,135	131,859	7	,000
8	,172	,133	133,520	8	,000
9	,073	,132	133,830	9	,000
10	-,012	,130	133,838	10	,000
11	-,077	,128	134,204	11	,000
12	-,130	,126	135,268	12	,000
13	-,170	,124	137,144	13	,000
14	-,191	,122	139,606	14	,000
15	-,210	,120	142,690	15	,000
16	-,245	,118	147,013	16	,000

a. The underlying process assumed is independence (white noise).

b. Based on the asymptotic chi-square approximation.

Appendix I: Simple regression analysis – Question 1

Number of bids and OMXS index at time Xt.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,332(a)	,110	,089	2,49790

a. Predictors: (Constant), Index at Xt.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,436	1,027		1,398	,169
	IndexatXt	,012	,005	,332	2,278	,028

a. Dependent Variable: Numberofbids

Number of bids and OMXS index at time Xt-1.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,328[a]	,108	,086	2,50642

a. Predictors: (Constant), IndexatXt1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,430	1,031		1,387	,173
	IndexatXt1	,011	,005	,328	2,223	,032

a. Dependent Variable: Numberofbids

Number of bids and OMXS index at time Xt-2.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,293[a]	,086	,063	2,55736

a. Predictors: (Constant), IndexatXt2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,707	1,052		1,623	,112
	IndexatXt2	,010	,005	,293	1,936	,060

a. Dependent Variable: Numberofbids

Number of bids and OMXS index at time Xt-3.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,256[a]	,065	,041	2,55712

a. Predictors: (Constant), IndexatXt3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,075	1,052		1,972	,056
	IndexatXt3	,009	,005	,256	1,653	,106

a. Dependent Variable: Numberofbids

Appendix J: Premium & OMXS Index – Question 2

A-list 57 takeovers			O-list 88 takeovers			Total 145 takeovers			
Year	Quarter	Premium	Year	Quarter	Premium	Year	Quarter	Premium	OMXS Index
1994	1	0,3300	1994	1	0,0120	1994	1	0,3300	87,05734508
1994	1	0,2555	1994	1	0,0018	1994	1	0,2555	87,05734508
1994	1	-0,0591	1994	1	0,9346	1994	1	-0,0591	87,05734508
1994	2	0,2500	1994	4	0,2000	1994	1	0,0120	87,05734508
1994	2	0,2100	1994	4	0,0000	1994	1	0,0018	87,05734508
1994	4	0,2700	1995	2	0,2200	1994	1	0,9346	87,05734508
1994	4	0,1600	1995	2	0,2847	1994	2	0,2500	83,10647026
1995	1	0,2344	1995	2	0,3697	1994	2	0,2100	83,10647026
1995	2	0,1429	1995	2	0,2353	1994	4	0,2000	85,52854435
1995	2	0,3636	1995	2	0,2800	1994	4	0,0000	85,52854435
1995	3	0,3200	1995	2	-0,0526	1994	4	0,2700	85,52854435
1996	1	0,2300	1995	2	0,2000	1994	4	0,1600	85,52854435
1996	1	0,2300	1995	2	0,3500	1995	1	0,2344	85,90516036
1996	2	0,3465	1995	3	0,2000	1995	2	0,2200	91,90557213
1996	3	0,2300	1995	4	0,2200	1995	2	0,2847	91,90557213
1996	4	0,0440	1996	2	0,1905	1995	2	0,3697	91,90557213
1996	4	0,3900	1996	3	0,1923	1995	2	0,2353	91,90557213
1996	4	0,2300	1997	1	0,1100	1995	2	0,2800	91,90557213
1996	4	0,2900	1997	1	0,1000	1995	2	-0,0526	91,90557213
1997	1	0,9000	1997	1	0,1434	1995	2	0,2000	91,90557213
1997	1	0,2800	1997	3	0,3057	1995	2	0,3500	91,90557213
1997	2	0,2600	1997	3	0,1250	1995	2	0,1429	91,90557213
1997	4	-0,0081	1997	3	0,2500	1995	2	0,3636	91,90557213
1997	4	0,2200	1997	4	0,0250	1995	3	0,3200	101,2254102
1997	4	0,0588	1998	1	0,2644	1995	3	0,2000	101,2254102
1998	1	0,1524	1998	1	0,2500	1995	4	0,2200	99,62804555
1998	3	0,1800	1998	1	0,0246	1996	1	0,2300	105,8839417
1998	4	0,3801	1998	3	0,1200	1996	1	0,2300	105,8839417
1998	4	0,9765	1998	3	0,6200	1996	2	0,3465	113,2947013
1999	1	0,3000	1999	1	0,3800	1996	2	0,1905	113,2947013
1999	1	0,4689	1999	2	0,2860	1996	3	0,2300	115,4932433
1999	1	0,0224	1999	3	0,6300	1996	3	0,1923	115,4932433
1999	1	0,3200	1999	4	0,4800	1996	4	0,0440	132,3523417
1999	2	0,2400	1999	4	0,4000	1996	4	0,3900	132,3523417
1999	3	0,0220	1999	4	0,4700	1996	4	0,2300	132,3523417
1999	3	0,0682	2000	1	0,3200	1996	4	0,2900	132,3523417
1999	4	0,4023	2000	1	0,2600	1997	1	0,9000	155,1349947
2000	1	0,1375	2000	1	-0,0432	1997	1	0,2800	155,1349947
2000	1	0,2300	2000	2	0,7500	1997	1	0,1100	155,1349947
2000	1	0,0235	2000	2	0,2300	1997	1	0,1000	155,1349947
2000	2	0,5400	2000	2	0,5500	1997	1	0,1434	155,1349947
2000	2	0,3614	2000	2	0,2350	1997	2	0,2600	163,8140917
2000	3	0,1864	2000	2	0,0205	1997	3	0,3057	182,9305587
2000	4	0,1429	2000	3	0,3030	1997	3	0,1250	182,9305587
2001	1	0,2182	2000	3	0,7857	1997	3	0,2500	182,9305587
2001	1	0,2949	2000	3	0,3100	1997	4	0,0250	174,1024533
2001	2	0,3090	2000	3	0,2230	1997	4	-0,0081	174,1024533
2001	2	0,1429	2000	3	0,3200	1997	4	0,2200	174,1024533

A-list 57 takeovers			O-list 88 takeovers			Total 145 takeovers			
Year	Quarter	Premium	Year	Quarter	Premium	Year	Quarter	Premium	OMXS Index
2001	2	0,2576	2000	3	0,5000	1997	4	0,0588	174,1024533
2001	2	0,2500	2000	4	0,4400	1998	1	0,1524	196,2953927
2001	3	0,2900	2001	1	0,7200	1998	1	0,2644	196,2953927
2002	1	0,3492	2001	1	0,3000	1998	1	0,2500	196,2953927
2002	2	0,3000	2001	1	1,1700	1998	1	0,0246	196,2953927
2002	3	0,0116	2001	2	0,1765	1998	3	0,1800	193,711874
2003	1	0,6200	2001	2	1,6700	1998	3	0,1200	193,711874
2003	1	0,0000	2001	2	0,4000	1998	3	0,6200	193,711874
2004	4	0,3500	2001	2	0,2590	1998	4	0,3801	190,7509327
			2001	3	0,1954	1998	4	0,9765	190,7509327
			2001	4	0,4400	1999	1	0,3000	204,033808
			2001	4	0,3000	1999	1	0,4689	204,033808
			2001	4	0,1200	1999	1	0,0224	204,033808
			2001	4	0,2000	1999	1	0,3200	204,033808
			2002	1	0,7609	1999	1	0,3800	204,033808
			2002	2	0,0100	1999	2	0,2860	221,8670563
			2002	3	0,1300	1999	2	0,2400	221,8670563
			2002	3	0,4100	1999	3	0,0220	230,922606
			2002	4	0,0000	1999	3	0,0682	230,922606
			2003	1	0,0000	1999	3	0,6300	230,922606
			2003	1	0,3400	1999	4	0,4800	286,0798683
			2003	1	0,5000	1999	4	0,4000	286,0798683
			2003	1	0,3800	1999	4	0,4700	286,0798683
			2003	1	1,7500	1999	4	0,4023	286,0798683
			2003	1	0,1400	2000	1	0,1375	364,2814167
			2003	2	0,4100	2000	1	0,2300	364,2814167
			2003	2	0,1368	2000	1	0,0235	364,2814167
			2003	2	0,1400	2000	1	0,3200	364,2814167
			2003	4	0,0000	2000	1	0,2600	364,2814167
			2003	4	0,0880	2000	1	-0,0432	364,2814167
			2003	4	0,5000	2000	2	0,7500	362,7740927
			2003	4	0,3800	2000	2	0,2300	362,7740927
			2003	4	-0,0100	2000	2	0,5500	362,7740927
			2003	4	0,0650	2000	2	0,2350	362,7740927
			2004	2	0,2000	2000	2	0,0205	362,7740927
			2004	2	0,1100	2000	2	0,5400	362,7740927
			2004	3	0,4740	2000	2	0,3614	362,7740927
			2004	4	0,0120	2000	3	0,1864	345,9018137
			2004	4	0,2800	2000	3	0,3030	345,9018137
			2004	4	0,2800	2000	3	0,7857	345,9018137
						2000	3	0,3100	345,9018137
						2000	3	0,2230	345,9018137
						2000	3	0,3200	345,9018137
						2000	3	0,5000	345,9018137
						2000	4	0,4400	299,9013733
						2000	4	0,1429	299,9013733
						2001	1	0,2182	270,1256176
						2001	1	0,2949	270,1256176
						2001	1	0,7200	270,1256176
						2001	1	0,3000	270,1256176

A-list 57 takeovers			O-list 88 takeovers			Total 145 takeovers			
Year	Quarter	Premium	Year	Quarter	Premium	Year	Quarter	Premium	OMXS Index
						2001	1	1,1700	270,1256176
						2001	2	0,1765	256,0332316
						2001	2	1,6700	256,0332316
						2001	2	0,4000	256,0332316
						2001	2	0,2590	256,0332316
						2001	2	0,3090	256,0332316
						2001	2	0,1429	256,0332316
						2001	2	0,2576	256,0332316
						2001	2	0,2500	256,0332316
						2001	3	0,2900	220,7466212
						2001	3	0,1954	220,7466212
						2001	4	0,4400	228,4214003
						2001	4	0,3000	228,4214003
						2001	4	0,1200	228,4214003
						2001	4	0,2000	228,4214003
						2002	1	0,3492	227,9343049
						2002	1	0,7609	227,9343049
						2002	2	0,0100	196,9494974
						2002	2	0,3000	196,9494974
						2002	3	0,0116	151,8823029
						2002	3	0,1300	151,8823029
						2002	3	0,4100	151,8823029
						2002	4	0,0000	157,418013
						2003	1	0,6200	141,2299357
						2003	1	0,0000	141,2299357
						2003	1	0,0000	141,2299357
						2003	1	0,3400	141,2299357
						2003	1	0,5000	141,2299357
						2003	1	0,3800	141,2299357
						2003	1	1,7500	141,2299357
						2003	1	0,1400	141,2299357
						2003	2	0,4100	156,6442503
						2003	2	0,1368	156,6442503
						2003	2	0,1400	156,6442503
						2003	4	0,0000	189,9945499
						2003	4	0,0880	189,9945499
						2003	4	0,5000	189,9945499
						2003	4	0,3800	189,9945499
						2003	4	-0,0100	189,9945499
						2003	4	0,0650	189,9945499
						2004	2	0,2000	209,5353216
						2004	2	0,1100	209,5353216
						2004	3	0,4740	210,1812205
						2004	4	0,0120	223,1893253
						2004	4	0,2800	223,1893253
						2004	4	0,2800	223,1893253
						2004	4	0,3500	223,1893253

Appendix K: Means for payment & OMXS Index – Question 3

		Total takeovers 159				
Cash / Stock	Dummy Variables	Year	Quarter	Cash / Stock	Dummy Variables	OMXS Index
Cash	1	1994	1	Cash	1	87,05734508
Stocks	0	1994	1	Stocks	0	87,05734508
Stocks	0	1994	1	Stocks	0	87,05734508
C&S	0	1994	1	Stock	0	87,05734508
Stocks	0	1994	1	Stock	0	87,05734508
Cash	1	1994	1	Stock	0	87,05734508
Cash	1	1994	2	Cash	1	83,10647026
Cash	1	1994	2	Cash	1	83,10647026
Cash	1	1994	4	Cash	1	85,52854435
Cash	1	1994	4	Cash	1	85,52854435
Cash	1	1994	4	C&S	0	85,52854435
Cash	1	1994	4	Stocks	0	85,52854435
Cash	1	1995	1	Cash	1	85,90516036
C&S	0	1995	2	Stock	0	91,90557213
Cash	1	1995	2	C&S	0	91,90557213
Cash	1	1995	2	Cash	1	91,90557213
Stocks	0	1995	2	Cash	1	91,90557213
Cash	1	1995	2	Cash	1	91,90557213
Cash	1	1995	2	Cash	1	91,90557213
Stocks	0	1995	2	Cash	1	91,90557213
Stocks	0	1995	2	Cash	1	91,90557213
Stocks	0	1995	2	Cash	1	91,90557213
Cash	1	1995	2	Cash	1	91,90557213
Stocks	0	1995	3	C&S	0	101,2254102
Cash	1	1995	3	C&S	0	101,2254102
Stocks	0	1995	4	Cash	1	99,62804555
Cash	1	1996	1	Cash	1	105,8839417
C&S	0	1996	1	Cash	1	105,8839417
Cash	1	1996	2	Cash	1	113,2947013
Cash	1	1996	2	Cash	1	113,2947013
Stocks	0	1996	3	Stocks	0	115,4932433
Cash	1	1996	3	Cash	1	115,4932433
Cash	1	1996	4	Cash	1	132,3523417
Cash	1	1996	4	Cash	1	132,3523417
Cash	1	1996	4	C&S	0	132,3523417
Cash	1	1996	4	Cash	1	132,3523417
Stocks	0	1997	1	Cash	1	155,1349947
Stocks	0	1997	1	Stock	0	155,1349947
Cash	1	1997	1	Cash	1	155,1349947
Cash	1	1997	1	Cash	1	155,1349947
C&S	0	1997	1	Stocks	0	155,1349947
Stocks	0	1997	1	Stocks	0	155,1349947
Stocks	0	1997	1	Stocks	0	155,1349947
Cash	1	1997	2	Cash	1	163,8140917
C&S	0	1997	3	Cash	1	182,9305587
Stocks	0	1997	3	Cash	1	182,9305587
Cash	1	1997	3	Stocks	0	182,9305587
Cash	1	1997	3	Cash	1	182,9305587

Cash / Stock	Dummy Variables	Year		Quarter	Cash / Stock	Dummy Variables	OMXS Index
Cash	1		1997	4	Stocks	0	174,1024533
Cash	1		1997	4	C&S	0	174,1024533
Cash	1		1997	4	Cash	1	174,1024533
Stocks	0		1997	4	Cash	1	174,1024533
Cash	1		1998	1	C&S	0	196,2953927
Cash	1		1998	1	Cash	1	196,2953927
Cash	1		1998	1	C&S	0	196,2953927
Stocks	0		1998	3	Cash	1	193,711874
Stocks	0		1998	3	Cash	1	193,711874
Stocks	0		1998	3	Cash	1	193,711874
Cash	1		1998	4	Cash	1	190,7509327
Cash	1		1998	4	Cash	1	190,7509327
Stocks	0		1999	1	Stock	0	204,033808
Cash	1		1999	1	Cash	1	204,033808
C&S	0		1999	1	Cash	1	204,033808
Cash	1		1999	1	Cash	1	204,033808
Cash	1		1999	1	Cash	1	204,033808
Stocks	0		1999	1	Stocks	0	204,033808
C&S	0		1999	1	Cash	1	204,033808
C&S	0		1999	2	Cash	1	221,8670563
Cash	1		1999	2	Cash	1	221,8670563
Stocks	0		1999	2	Cash	1	221,8670563
C&S	0		1999	2	Cash	1	221,8670563
Stocks	0		1999	3	Cash	1	230,922606
Cash	1		1999	3	Cash	1	230,922606
Stocks	0		1999	3	Cash	1	230,922606
Cash	1		1999	4	Cash	1	286,0798683
Cash	1		1999	4	Stocks	0	286,0798683
Cash	1		1999	4	Stocks	0	286,0798683
Cash	1		1999	4	Cash	1	286,0798683
Cash	1		1999	4	Cash	1	286,0798683
Cash	1		1999	4	Cash	1	286,0798683
Cash	1		1999	4	Cash	1	286,0798683
Cash	1		2000	1	Cash	1	364,2814167
Cash	1		2000	1	Cash	1	364,2814167
Cash	1		2000	1	Cash	1	364,2814167
Cash	1		2000	1	Cash	1	364,2814167
Stocks	0		2000	1	C&S	0	364,2814167
C&S	0		2000	1	Stocks	0	364,2814167
C&S	0		2000	1	Stocks	0	364,2814167
Stocks	0		2000	2	Cash	1	362,7740927
Cash	1		2000	2	C&S	0	362,7740927
Cash	1		2000	2	Stocks	0	362,7740927
Cash	1		2000	2	Cash	1	362,7740927
Stocks	0		2000	2	Cash	1	362,7740927
Stocks	0		2000	2	Cash	1	362,7740927
Stocks	0		2000	2	Cash	1	362,7740927
			2000	3	Cash	1	345,9018137
			2000	3	Cash	1	345,9018137
			2000	3	Cash	1	345,9018137

Cash / Stock	Dummy Variables	Year		Quarter	Cash / Stock	Dummy Variables	OMXS Index
			2000	3	Cash	1	345,9018137
			2000	3	Stocks	0	345,9018137
			2000	3	Cash	1	345,9018137
			2000	3	Cash	1	345,9018137
			2000	4	Cash	1	299,9013733
			2000	4	Cash	1	299,9013733
			2001	1	Cash	1	270,1256176
			2001	1	Cash	1	270,1256176
			2001	1	Cash	1	270,1256176
			2001	1	Cash	1	270,1256176
			2001	1	Stocks	0	270,1256176
			2001	1	Stocks	0	270,1256176
			2001	1	Stocks	0	270,1256176
			2001	2	Cash	1	256,0332316
			2001	2	Cash	1	256,0332316
			2001	2	Stocks	0	256,0332316
			2001	2	Cash	1	256,0332316
			2001	2	C&S	0	256,0332316
			2001	2	C&S	0	256,0332316
			2001	2	Stock	0	256,0332316
			2001	2	Cash	1	256,0332316
			2001	2	Cash	1	256,0332316
			2001	3	C&S	0	220,7466212
			2001	3	Cash	1	220,7466212
			2001	4	Cash	1	228,4214003
			2001	4	Stocks	0	228,4214003
			2001	4	C&S	0	228,4214003
			2001	4	C&S	0	228,4214003
			2002	1	Cash	1	227,9343049
			2002	1	Cash	1	227,9343049
			2002	2	Stocks	0	196,9494974
			2002	2	Cash	1	196,9494974
			2002	3	Cash	1	151,8823029
			2002	3	C&S	0	151,8823029
			2002	3	Stocks	0	151,8823029
			2002	4	Cash	1	157,418013
			2003	1	Stocks	0	141,2299357
			2003	1	Cash	1	141,2299357
			2003	1	Cash	1	141,2299357
			2003	1	Cash	1	141,2299357
			2003	1	Cash	1	141,2299357
			2003	1	Cash	1	141,2299357
			2003	1	Stock	0	141,2299357
			2003	1	Cash	1	141,2299357
			2003	2	Cash	1	156,6442503
			2003	2	Cash	1	156,6442503
			2003	2	Cash	1	156,6442503
			2003	4	Cash	1	189,9945499
			2003	4	Cash	1	189,9945499
			2003	4	Cash	1	189,9945499

Cash / Stock	Dummy Variables	Year	Quarter	Cash / Stock	Dummy Variables	OMXS Index
		2003	4	Stocks	0	189,9945499
		2003	4	C&S	0	189,9945499
		2003	4	C&S	0	189,9945499
		2004	2	Stocks	0	209,5353216
		2004	2	Cash	1	209,5353216
		2004	3	Cash	1	210,1812205
		2004	3	Cash	1	210,1812205
		2004	4	Stocks	0	223,1893253
		2004	4	Stocks	0	223,1893253
		2004	4	Stocks	0	223,1893253
		2004	4	Cash	1	223,1893253

Appendix L: Simple regression analysis:
Is there a relation between the means for payment and the acquisition premium?

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,034[a]	,001	-,006	,476

a. Predictors: (Constant), Premium

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,679	,058		11,665	,000
	Premium	-,059	,147	-,034	-,405	,686

a. Dependent Variable: CashStock

The calculated t-value is too low to show a statistical significance for the relation between the means for payment and the acquisition premium.

Appendix M: Two-tailed t-table value for α = 0.05

Critical points for t-distribution with an α = 0,05.

Degrees of Freedom	T-table value
1	12,7062
2	4,3027
3	3,1824
4	2,7764
5	2,5706
6	2,4469
7	2,3646
8	2,306
9	2,2622
10	2,2281
11	2,201
12	2,1788
13	2,1604
14	2,1448
15	2,1314
16	2,1199
17	2,1098
18	2,1009
19	2,093
20	2,086
21	2,0796
22	2,0739
23	2,0687
24	2,0639
25	2,0595
26	2,0555
27	2,0518
28	2,0484
29	2,0452
30	2,0423
31	2,0395
32	2,0369
33	2,0345
34	2,0322
35	2,0301
36	2,0281
37	2,0262
38	2,0244
39	2,0227
40	2,0211
41	2,0195
42	2,0181
43	2,0167
44	2,0154
45	2,0141
46	2,0129
47	2,0117

Degrees of Freedom	T-table value
48	2,0106
49	2,0096
50	2,0086
51	2,0076
52	2,0066
53	2,0057
54	2,0049
55	2,004
56	2,0032
57	2,0025
58	2,0017
59	2,001
60	2,0003
61	1,9996
62	1,999
63	1,9983
64	1,9977
65	1,9971
66	1,9966
67	1,996
68	1,9955
69	1,9949
70	1,9944
71	1,9939
72	1,9935
73	1,993
74	1,9925
75	1,9921
76	1,9917
77	1,9913
78	1,9908
79	1,9905
80	1,9901
81	1,9897
82	1,9893
83	1,989
84	1,9886
85	1,9883
86	1,9879
87	1,9876
88	1,9873
89	1,987
90	1,9867
91	1,9864
92	1,9861
93	1,9858
94	1,9855
95	1,9853
96	1,985
97	1,9847

Degrees of Freedom	T-table value
98	1,9845
99	1,9842
100	1,984
120	1,9799
140	1,9771
141	1,9769
142	1,9768
143	1,9767
144	1,9766
145	1,9765
146	1,9763
147	1,9762
148	1,9761
149	1,976
150	1,9759
151	1,9758
152	1,9757
153	1,9756
154	1,9755
155	1,9754
156	1,9753
157	1,9752
158	1,9751
159	1,975
160	1,9749