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- Short-term Abnormal Return in Hostile Takeovers - A study of Scandinavian public takeover attempts during 2000-2010

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ABSTRACT

- Title:** Short-term Abnormal Return in Hostile Takeovers – A study on Scandinavia public takeover attempts during 2000-2010.
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- Key words:** M&A, Hostile takeover, Shareholder return, CAR, Scandinavia
- Purpose:** The main purpose of this thesis is to analyse if there are any significant differences in target shareholder return between friendly and hostile takeover bids on the Scandinavian market. We also intend to investigate the differences between hostile and friendly bid characteristics, and determine to what extent these differences can be explained by; firm relatedness, method of payment, time horizon, deal completeness and the acquiring firms' geographical location.
- Theoretical perspective:** Theories used are partially previous research, partially well known theories within M&A and Corporate Finance literature.
- Method:** We analyse return to target shareholders by calculating Cumulative Abnormal Return using two models; Market Adjusted Return Model and Market Model. We compute CAR for six short-term event windows for Scandinavia, Sweden and Norway. Two types of benchmark has been used, Affärsvärlden General Index (AFGX) and Oslo Stock Exchange General Index (OSLOASH).
- Empirical findings:** Our study is quantitative and based on a sample of 267 public takeover attempts, of which 48 are hostile, during 2000-2010. This sample has been analysed by dummies in linear regressions for Scandinavia, Sweden and Norway separately.
- Conclusion:** Hostile takeovers, compared to friendly takeovers, have created approximately 4,5-8,5 per cent higher abnormal returns for target shareholders, on the Scandinavian market during 2000-2010. The result is statistically significant. No significance has been found on the explanatory variables that have been used in order to explain this over performance.

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1. INTRODUCTION

It is our intention to first introduce the reader to the topic and why it is worth investigation. Then, we will present our purpose and clarify what this study intends to achieve.

1.1. Background

Acquisitions became increasingly popular during the 1970s and 1980s (Harrison, Hitt, Hoskisson, & Ireland, 1991) and the frequency of Mergers & Acquisitions (M&A) is dependent on business cycles. Since 1960 there have been several cycles where M&A activity have increased significantly. One of the most recent booms was the dotcom boom in the end of the 20th century. In 1998, the total deal value of M&A activity was 2 052 billion dollars, five times higher than in 1993. Furthermore, in 1999 the M&A deal value peaked at 3 095 billion dollars, almost 90 times higher compared to the level twenty years before (Goedhart, Koller, & Wessels, 2000).

Another example can be found in the recent financial crisis. Since the financial crisis that escalated in late 2008 after Lehman Brothers bankruptcy, the frequency of M&A dropped significantly and the whole industry experienced a recession. In Sweden the number of target companies bought by foreign acquirers decreased by more than 50 per cent during 2008-2009 (United Nations, 2010). However, according to a study made by KPMG and MergerMarket, 78 per cent of the respondents predicted an increased M&A activity in the Nordic region during 2011 (KPMG, 2011).

Besides the growing M&A activity there are also indications of a changed approach and attitude towards the M&A business. Nowadays, so-called hostile bids, bids that are not discussed with or not recommended by the target company's board of directors, are more usual than ever. Jan Olsson, Global Banking Nordic Chief at Deutsche Bank said in 2007 "...it is not as big of defeat today, compared to ten years ago, if a bid does not get accepted". He further stated "...companies today are therefore more willing to place a bid without discussing it with or getting it approved by the target company's board" (Fröberg, & Cervenka, 2007).

This new hostile approach is nowadays not only attributable to firms that are related to each other, private equity firms and different holding companies have also developed this attitude. Private equity, investment and holding companies have made more than 50 per cent of the public hostile takeovers on the Scandinavian market since 2007.

1.2. Problem Discussion

It has been discussed and debated in decades whether or not M&A create value. There are essentially two questions that previous research has tried to answer: (i) Do acquirer shareholders earn positive abnormal returns from M&A, and (ii) do target shareholders earn positive abnormal returns from M&A? (Kargin, 2001)

Regarding the abnormal returns to the acquirer shareholders, the results from previous research have varied. Some results have shown low or no abnormal return (Jarrell, Brickley, & Jeffrey, 1988), whereas, some studies have shown a negative abnormal return (Agrawal, Jaffe, & Mandelker, 1992; O'Sullivan, & Tuch, 2007). Moreover, Bishaar, Knight and van Wassenauer (2001) implied that over 50 per cent of the M&A in Europe and America failed to create shareholder value.

On the contrary, most studies have shown evidence that M&A create positive abnormal returns to target shareholders. Dodd and Ruback (1977), Dodd (1980), Frank, Harris and Titman (1991) and Jensen and Ruback (1983) provided evidence for this in their studies on the U.S. market. To explain these positive abnormal returns for target shareholders different variables have been used such as; deal successfulness, relatedness, deal payment method, country of acquirer and whether or not the deal was made during a boom or bust period.

Another variable that have been used to explain the size of the target shareholder return is if the bid was friendly or hostile. Franks and Mayer (1996) show, that hostile bids generate a cumulative abnormal return (CAR) of 30 per cent whereas friendly bids generate a CAR of 18 per cent on the U.S market. Similarly, Servaes (1991), show on the US market, that hostile bids generate 32 per cent return to target shareholders whereas friendly bids only generate 22 per cent. Do hostile bids generate higher return on other markets, and more specifically – why do hostile bids generate higher return than friendly bids? DePamphilis (2010) argue that hostile bids may require a higher bid premium to target shareholders in order for the shareholders to approve the deal and in order for the post-merger integration process to be as smooth and efficient as possible. Except for such managerial integration incentives, what other bid characteristics explain the difference between friendly and hostile return to target shareholders? To our knowledge there has neither been such a previous study on the Scandinavian market nor has it been any studies made during our timeframe, 2000-2010. We believe that such a study would be very interesting especially due to the new approach and attitude toward the hostile M&A business combined with the positive future forecast of the

Scandinavian M&A market. As mentioned, Frank, Harris and Titman (1991) among others, proved that the overall positive abnormal returns to target shareholder could be appointed to specific variables. Consequently, we would like to raise the question; to what extent can these previous mentioned variables explain the higher return in hostile takeovers?

1.3. Purpose

The main purpose of this thesis is to analyse if there are any significant short-term differences in target shareholder return between friendly and hostile takeovers bids on the Scandinavian market. We also intend to investigate the differences between hostile and friendly bid characteristics, and determine to what extent these differences can be explained by; deal successfulness, deal relatedness, payment method, country of acquirer and whether or not the deal was made during a boom or bust period.

1.4. Demarcations

Our original idea was to conduct a study on the entire Scandinavian market, but since there were too few hostile deals (three) in Denmark, our study is limited to Sweden and Norway. Still, we believe that our results will reflect the Scandinavian market rather well since the deals made in Sweden and Norway represent 94 per cent of the Scandinavian hostile bids and almost 89 per cent of the entire Scandinavian M&A market. This will be discussed further in section 3.1.

In order for us to measure target shareholder return the target company must be publicly listed. We have therefore chosen to examine takeovers on firms that have been or are currently publicly traded on NASDAQ OMX Stockholm or Oslo Stock Exchange.

As mentioned in the problem discussion, return to target shareholders is dependent on how the bidders value the target company and the potential synergies that may arise from the deal. However, this thesis will not consider the actual valuation process of a company, nor will it consider the valuation process of potential synergy effects. Additionally, unlike similar studies, performed on other markets, e.g. Schoenberg and Thornton (2006), our study will not account for post-bid defence tactics by the target company on hostile takeover attempts. This due to the fact that this variable has no substantial significance to our study, since we in our sample do not include any raised or contested bids within our event windows.

Additionally, Holl (1977) argue that one of the reasons to why hostile bids generate higher returns than friendly bids depends on the bid resistance from target management. He further aims to distinguish hostile and friendly performance by determining why bid resistance occur. Such variables are according to Holl; target management holdings in target firm, bidder holdings in target firm, whether or not high managerial holdings exists and whether or not bidding firm has a high debt level. However, this study aims to measure short-term announcement effects and, consequently, does not include any revised bids within our event windows. Subsequently, the variables investigated by Holl will have minor impact on our result, which is why they are not regarded in this study. This will be discussed in our analysis.

We want to analyse and determine why hostile bids generate higher return than friendly bids, not why an acquirer should choose a friendly or hostile bid attitude. Even though the two may be correlated to some extent, we have chosen not to investigate variables regarding the latter. Morck, Shleifner and Vishnu (1988) argue that the difference between friendly and hostile target companies is e.g. target ownership structure and target financial characteristics such as relative size of target and bidder. Consequently, we have chosen not to include any of these variables in our study. Our study will instead focus on different variables that previous research has confirmed affect target shareholder return positively, and moreover to see if any of these variables can be attributable to hostile takeovers in specific. Due to this reason we will neither consider to what extent hostile takeovers are industry specific as Georgen and Renneboog (2003) did. We will instead use firm relatedness as a variable as Shelton (2000) did when he explained positive returns to target shareholders. This is further explained and discussed in section 2.4.

Lastly, we have chosen to start our study in the year of 2000 due to the absence of hostile acquisitions prior to that year and since the information availability in databases is stronger during the 21st century.

2. LITERATURE AND THEORETICAL FRAMEWORK

The M&A literature have through the history been thoroughly discussed. It is our intention to widely inform the reader of previous research as well as existing theories within the M&A field. At the end of this chapter our hypothesis will present and discuss our hypotheses.

2.1. Mergers & Acquisitions

The definition of a merger is when “two or more enterprises cease to be distinct enterprises and agree to combine their equity capital to form a single new company” (Hussey, 1999, p. 54). The merging firm is the initiative taker to the merger with another company, the target. The merging firm must purchase the stock or existing assets of the target firm either with cash or something of equivalent value. Such a value can for example be shares in the new corporation in exchange for old shares, for a specified rate (Berk, & DeMarzo, 2007; Hussey, 1999). In order to succeed with a merger, both the board and the shareholders of the target company must accept the offer; hence the decision is mutual. The board of directors must however accept the deal in order for shareholders to get a chance to vote.

An acquisition is when “one company buy sufficient shares in another company to give the purchaser control of that company” (Hussey, 1999, p. 54). In contrast to a merger, an acquisition does not have to be a mutual decision between the board and shareholders. It is in this case completely up to the target company’s shareholders to either accept or reject the bid from the acquiring company. An acquisition can hence be friendly or hostile depending on the consensus between the board and shareholders of the target firm. Furthermore, an acquisition can be public or private depending on whether or not any of the firms involved are listed. However, in order for a merger or acquisition to be completed, at least 50 per cent of the target firm shareholders must vote in favour of the deal. Further on, we will use the terms mergers, acquisitions and M&A interchangeably throughout the thesis. However, when we specifically mean hostile and friendly takeovers, this will be specified.

2.2. Efficient Market Hypothesis and Acquisition Announcements

The Efficient Market Hypothesis (EMH) was introduced by Fama (Fama, 1970), where he divided the market into three different kinds of efficiency; weak, semi-strong and strong efficiency. In a weak form of efficiency the market prices fully reflect all historical information. In a semi-strong efficiency all public available information is incorporated in the security price. This implies that an acquisition announcement today will affect the stock price

tomorrow. However, if there is a strong efficiency, all information, both public and private, will be incorporated in the stock price. An acquisition announcement will therefore be predicted by the market and consequently not change the security price. In this form of efficiency, not even insiders can expect to earn abnormal returns.

EMH is an often-debated theory and the question of which form of efficiency that exists on the market has great relevance for this thesis. It is the authors' opinion that there is a probability that there is information about the target company only being attributable to its board and management and therefore not fully incorporated in the stock price. Consequently, a target company's board and shareholders may have different opinions about the premium presented in a bid. Furthermore, since there in perfect capital markets (strong efficiency) are no possibilities for abnormal returns, the authors' of this thesis assume a semi-strong efficiency where the stock prices today reflect all public available information, but when/if new information (e.g. acquisition announcements) becomes available in the future, the price of the security should be based on that information. (Fama, 1970)

2.3. Incentives for M&A

2.3.1. Growth

Growth is one of the most known motives for M&A. Organic or internal growth is usually very slow, expensive and highly uncertain. Firms can, however, better control their growth in desired direction compared to the second alternative; M&A growth, which is a more rapid and uncertain process where the firms acquire a target with enough satisfying qualities. (Gaughan, 2007) M&A is a powerful tool for managers to show the industry of growth, especially in industries where products and services growth are slowing down. Additional features of M&A are the synergy effects, further described in 2.3.2., that can improve the profitability of the entire enterprise. However, growth is not favourable for the enterprise value if the return on investments does not live up to previous ratios. Management needs to have this in mind when deciding future growth prospects and not only concentrate on growth ratios. (Gaughan, 2007)

2.3.2. Synergies

The most well known incentive for M&A is to exploit potential synergies. Synergy is a reaction of two factors that together produce a greater effect than the aggregated effect they would produce independently. In mergers, it is the ability to become more profitable by cooperation than to for two firms to operate on their own. This is often referred to as the phenomenon of two plus two is equal to five.

Synergies can be classified as operating, managerial or financial (Sudarsnam 1996; Boateng, & Uddin, 2009). The operating synergies can refer to the acquirer's ability to exploit economics of scale or scope by e.g. overlap activities or marketing with the target company. In order for these synergies to be possible it requires that firms are either horizontal or vertical related. If the firms instead are unrelated, financial synergies can be achieved. The financial synergies are non-operating and refer to mergers of unrelated firms where the synergies are of financial nature. There are several sources of financial synergy: tax advantages of unused debt capacity, lowered cost of capital and transaction costs, and a more efficient debt coinsurance of the two companies. The third type of synergy, managerial synergy, can be referred to both related and unrelated deals. Managerial synergies could arise when an acquirer take over a target with less competent managers. Such a disciplinary takeover is expected to be value creating for both the acquirer and target company (DePamphilis, 2010; Sudarsnam, 1996)

2.3.3. Diversification

The term diversification is a strategy of acquiring a firm outside the core business line. It further refers to the argument of shifting either from its core product lines into new product lines or from old markets into new markets with higher growth potential. A firm can either diversify to related or unrelated products or markets; however, they need to weigh the increased risk by entering unfamiliar products or markets against the potential return these increased risk may evoke. (Boateng, & Uddin, 2009; DePamphilis, 2010)

2.3.4. Hubris, Misvaluation and "Winners curse"

Hubris or excessive overconfidence by management can result in a belief that its own valuation of the target firm is superior the market's valuation. If the managers are over-optimistic over the expected synergies that can be created, they tend to misvalue the target and overpay for the firm. (Roll, 1986) Hubris and misvaluation is related to the well-known expression winners curse. The acquiring firm with the winning bid experiences the winners curse when it misvaluates the target but still is satisfied to have acquired the firm, thus is the party willing to pay the most for the target's expected value. (Goedhart, Koller, & Wessels, 2005; DePamphilis, 2010).

2.3.5. Buying Undervalued Assets (Tobin's q-ratio)

Firms with expansion ambitions can either choose to invest in a new plant and more equipment or acquire a company with equivalent assets. If replacement costs of new assets exceed the market value of a company with equivalent assets, the q-ratio is less than one.

Hence, the q-ratio is explained as the ratio of the market value to the replacement cost of its assets (Chung, & Pruitt, 1994). Firms searching for replacement of assets can by using the Q-ratio acquire targets, fulfilling their requirements, at a lower cost than investing on its own. Lang, Stulz and Walking (1989) discovered that acquirers with high q-ratio is beneficial for acquiring firm and vice versa. Pangarkar and Lie (2004; cited in Haleblian, Devers, McNamara, Carpenter, & Davidson, 2009) further found that equity market cycles are important for shareholders since managers are less likely overpay in downturns.

2.3.6. Agency Problem

Agency problems arise when the managers do not act in the favour of the firm's shareholders; instead they act in their own interest. This is the so-called principal-agent problem, where shareholders are the principals and management is the agent. The function of management is, from an economical point of view, to maximize shareholder value (DePamphilis, 2010). However, management may instead rather focus more on matters that benefit their own interests, such as job security, high bonuses, empire-buildings and immortal reputation. This may appear when ownership in a firm is widely spread; since the costs for mismanagement are spread across a large numbers of shareholders it can be tolerated for longer periods. Principal-agent theory considers M&A to be a corrector, as they unite the interest of managers and shareholders into shared interests. (DePamphilis, 2010) Furthermore, to decrease the principal-agent problem and minimise agency costs, ownership and control should be unified. This is in line with the incentive realignment hypothesis, and will lead to higher managerial incentives and increased efforts to maximize firm value (Renneboog, Simons, & Wright, 2007).

2.3.7. Tax Considerations

Tax is considered as an M&A motive for especially two reasons. However, tax laws changes year-to-year and country-to-country, which implies that a deal can be more or less tax beneficial depending on the geographical location of the target and acquiring company. The first tax reason is the usage of loss carry forwards. Acquiring firm can by acquire an unprofitable firm take advantage of its taxable loss, since the consolidated firms income will be lower leading to reduced tax bill. This acquisition is only gainful if synergies can be exploited in the future. (Hillier, Grinblatt, & Titman, 2008) Second, the M&A transaction can be classified as tax-free, and this is sometimes a necessity in order for the acquirer to pursue the transaction. If the transaction is not tax-free the target normally require a higher

purchasing price, which the buyer cannot afford, to compensate for the tax-liability resulting from the acquisition. (Gaughan, 2007)

2.3.8. Market Power

Haleblian et al. (2009) mention that market power is a reason for M&A. However, even though there is limited evidence in previous research, one can argue from the market hypothesis, that fewer firms means more market power per firm in the industry. If there are few firms in the industry, pricing power by each firm increases. In an industry with one superior firm, with a monopolistic position, this firm is price setter and decides the rules other opponents have to oblige. Merger types that may increase such market power are especially horizontal and vertical mergers.

2.4. Merger Types and Firm Relatedness

The most well renowned types of mergers are the horizontal, vertical and conglomerate mergers. (Lubatkin, 1983).

2.4.1. Horizontal Mergers

Horizontal mergers are when two companies that operate in similar lines of activity are united. The two key motives for this kind of mergers are to achieve economies of scale and to reduce competition by enhancing the market power of the acquiring firm. (Arnold, 2008) Horizontal mergers can, depending on the size, be highly regulated. Such mergers need to be approved by the authorities to be completed; since horizontal mergers decreases the numbers of firms in the industry. Fewer firms in the industry lead to negative effect on competition, monopoly profits and possible collusion by the leading firms. (Miychell, Mulherin, & Weston, 2004)

2.4.2. Vertical Mergers

Vertical mergers are a fusion of firms from different stages in the production chain. These vertical mergers can be downstream or upstream. Downstream is e.g. when a manufacturer merges with a retailer and upstream e.g. when a manufacturer merges with a raw material production firm. Hence, a manufacturing firm can by a vertical merger both secure their supply of raw material and reduce costs, related to administration, transportation and production. (Arnold, 2008) Authorities also need to revise such mergers since they can create negative competition, when e.g. there is only one supplier of a raw material and this firm wants to merge with a producer of a certain product that is dependent on this raw material.

Even though this merger may create great value for the end customer, it will probably be cancelled since it will harm the competition for this certain product due to producer discrimination. (Motta, 2009)

2.4.3. Conglomerate Mergers

Conglomerate mergers are simply mergers of two firms that operate in unrelated business areas (Arnold, 2008). Hence, these firms are not competitors and do not have a buyer-seller relationship (Gaughan, 2007). One of the key motives for such merger is some kind of risk reduction by diversification (Arnold, 2008). Conglomerate mergers can be distinguished into three subtypes. First, concentric mergers are product extension mergers that widen the current product lines. Second, mergers involving two firms with operations in non-overlapping geographic areas are called geographic market extension mergers. Third, other conglomerate mergers include investment companies, managerial conglomerates and financial conglomerate that involve unrelated business activities. (Miychell, Mulherin, & Weston, 2004) However, compared to financial conglomerates, one could argue that investment company deals and managerial conglomerates, to some extent, are partially linked. The only motive behind financial mergers are capital structure motives and compared to all other classes of mergers, financial mergers are the most unrelated. Therefore, we have chosen to classify financial mergers as an own category in our sample, along with horizontal, vertical and other conglomerate deals.

2.5. Hostile versus Friendly Takeovers

An attempt to acquire another firm can either be viewed from the target's side as friendly or hostile. A takeover attempt is considered as friendly if the target's board of directors propose a deal or do not reject a proposed bid (Morck et al., 1988). If the board of directors believe that the proposed bid is in-line with the interest of the firm's shareholders, they will open up for a further dialog of a possible takeover. Generally, an acquiring company need to offer a purchase premium to succeed with an acquisition; this is the difference between the purchase price and the target's pre-acquisition stock price (Haleblian et al., 2009). The size of the purchasing premium generally includes all potential synergy effects minus the costs for the acquisition. (DePamphilis, 2010; Morck et al., 1988)

Hostile takeover attempts are either deals that not are recommended by the target's board of directors or deals that are addressed directly to the target company's shareholders. A hostile bid can be done either directly through a hostile tender offer or by open market through the

public stock exchange. In order for a hostile acquisition to be accepted by the target firm shareholder's, the before mentioned premium is usually higher for hostile acquisitions than for friendly acquisitions. Most transactions are, however, friendly because the post-merger integration process can be initiated more smoothly and more efficiently if both parties cooperate fully. (DePamphilis, 2010; Morck et al., 1988;)

2.5.1. Management Entrenchment Theory

A target that is exposed to a hostile takeover might use defence mechanisms such as poison pills, greenmail, golden parachutes white knights and white squire to defend themselves (Gaughan, 2007). According to management entrenchment theory, management practise such protection methods to ensure their retention within the firm (DePamphilis, 2010). However, such defences do not always prevent a takeover attempt, especially if the firm is mismanaged and has a low valuation. The acquiring firm may thus consider a high premium to remove the management to succeed with the acquisition. Consequently, hostile takeovers can be a useful way to management replacement, which indirectly increases target shareholder value (Morck et al., 1988).

2.5.2. Shareholder's Interest Theory

This theory proposes that target shareholders' may benefit from management resistance to a proposed takeover (DePamphilis, 2010). Previous research has found that benefits are higher in successful hostile bids than unsuccessful hostile bids. Franks and Mayer (1996) proved on the U.K market that, during the bid month, hostile successful bids had a premium of 29,8 per cent compared to 21,5 per cent for unsuccessful bids. Hence, management resistance can be a bargaining strategy to achieve higher benefits for target shareholders (DePamphilis, 2010; Franks, & Mayer, 1996).

2.6. Methods of Payment

Method of payment in M&A, viewed from the target shareholders, is generally cash, stock or a combination of them both. Cash occurs mostly in cash tender offers and cash mergers. The target's shareholders swap their stocks at tender offer expiration date for a predetermined amount of cash per each stock held. In a stock merger, the acquiring and target firm negotiate how many shares the target firm's shareholders will receive in the acquiring firm for each share held in the target. A stock merger can be announced as 1:4 or 0.25, meaning one acquiring firm share in exchange for four target firm shares. As mentioned, target firm's shareholders may also receive a combination of both cash and stock as settlement. (Miychell,

Mulherin, & Weston, 2004) The payment method with the highest CAR, from target shareholders' point of view, is cash offers. Average CAR for cash offers was 29,3 per cent compared to 14,4 per cent for stock offers during 1977-1982 (Huang, & Walking, 1987). Additionally, Andrade, Mitchell and Stafford (2001) presented evidence of 20,1 per cent return for cash and 13,0 per cent for stock offers during 1973-1998 on the U.S market.

2.6.1. Information Asymmetries

As mentioned in 2.2., financial markets have strong efficiency when all information available is fully reflected in market prices. However, it can be assumed that management probably do not share all information to the market. Information that will be advantageous for management and/or shareholders will for certain be publicly spread but, on the other hand, information that the management believe could harm the enterprise would not be spread. Due to this dilemma, the market seems to be not fully efficient and information asymmetries exist between management and the market. (Yook, 2003)

2.6.2. Trade-off Theory

Capital structure of a firm consists of equity and debt or debt equivalents. There are several reasons behind choosing equity ahead of debt and vice versa. One reason for choosing debt is its tax-deductibility on interest expenses, creating what is usually called a tax-shield. Reason for choosing equity is that when having debt, you will need to pay interest to borrowing party annually. This is mandatory for a corporation and if this cannot be met, borrowing party may force the corporation into Chapter 11 – bankruptcy. Since you do not need to pay annual or monthly interest to shareholders, there is low probability of bankruptcy and low financial distress costs associated with a pure equity firm. When deciding what capital structure your corporation should have, you will need to take the trade-off theory in mind, by balancing tax advantages against the costs of financial distress (Myers, 2001).

2.6.3. Pecking Order Theory and Signalling Hypothesis

Related to trade-off theory is the pecking order theory, which states that companies prioritize its sources of financing of investments. The concept can be simplified as; issue safe securities in front of risky ones since it usually implies lower issuing costs. For that reason, use internal financing first such as retained earnings. If external financing however is required, the company should issue debt or debt equivalent securities. Of last resort, since this is the most expensive, the company should issue equity. (Myers, & Majluf, 1984) The signalling hypothesis assumes that information asymmetries exist and that management chose financing

structure depending on announcement reactions (Yook, 2003). The selected financing structure implies management's belief of the firm's market value. Stock as payment method implies stock overvaluation of the acquirer and cash as method implies undervaluation (Myers, & Majluf, 1984).

2.6.4. Jensen's Free Cash Flow Hypothesis

Jensen (1986) defines free cash flow as the cash flow in excess of all funds required for projects with a positive net present value, discounted by a relevant cost of capital. The most commonly used methods to distribute such free cash flow are dividends or stock-repurchases. However, managers might, instead of distributing free cash flow to shareholders invest in projects with negative net present value. Jensen (1986) argues that the free cash flow problem could be solved by increasing the debt level of a firm, since it diminishes the agency costs due to increased interest expenses, which in turn decreases the free cash flow that managers can spend on bad investments. One way for managers to spend cash, instead of paying liquid assets out to shareholders, is acquisitions. Hence, cash acquisitions are more commonly used for firms with high free cash flow than for firms with low free cash flow. Jensen's (1986) free cash flow theory further predicted that takeover financed with cash generates larger benefits for the acquirer compared to stock acquisitions, since free cash flow will be reduced. In the end, an acquirer's choice to pay for an acquisition with cash or equity is affected by the trade-off and pecking order theory as well as Jensen's free cash flow hypothesis. We will later conclude that target shareholder return is dependable on which type of payment the acquirer chooses. Target shareholder return is thus also dependable on the different theories affecting the payment choice.

2.7. Domestic versus Cross-border Takeover

When a company faces increased competition and the market is getting more mature, the organic growth rate might sometimes be difficult to preserve at a high level. Acquisitions can be an alternative in order to keep growing and not lose market shares to other faster moving (acquiring) competitors. Making acquisitions can thus be a way of gaining market share by expanding into new markets or new regions (cross-border acquisitions). However, it is important to consider that the bigger a firm gets, the more difficult it becomes managing. (Gaughan, 2007)

The merger waves of 1980s and 1990s differed from previous waves in terms of cross-border acquisitions. On a global level, cross border acquisitions, from 1986 to 2000, accounted for

26 per cent of the value of total acquisitions. By 2000, the global value of cross-border acquisitions were two per cent of world wide GDP, compared to a half per cent in the mid-1980s. Additionally, in 2000 they accounted for over 80 per cent of all foreign direct investments. Consequently, cross-border acquisitions had revolutionized the M&A market and were the leading strategy of internationalization for companies. (Conn, Cosh, Guest, & Hughes, 2005 ; United Nations, 2000)

A cross-border acquisition enables the acquirer to access the target company's distribution channels and knowhow, which could make it a less risky way than expanding on their own. However, by comparison with domestic acquisitions, cross-border acquisitions have more possible barriers to entry e.g. political, customs, language and cultural differences that have to be overcome. These barriers could decrease possible synergy effects to the acquirer and consequently lower the bid premium to the target company's shareholders. On the contrary, Conn, Cosh, Guest and Hughes (2003) argue that cross-border acquisitions instead could generate higher synergies than domestic acquisitions. This due to diversification synergies arising from intangible and information based assets such as brand names, R&D expenditure and technical knowledge from the target company. Moreover, Finkelstein and Larsson (1999) argue that cross-border acquisitions can affect an M&A in three ways. First, cross-border M&A can inhibit the needed coordination and interaction, from an organisational perspective, due to financial, legal and other country differences (Lindgren, 1982; Marks, & Mirvis, 1993; cited in Finkelstein et al., 1990, pg 8). Second, cross-border M&A can intensify cultural clashes, from an HRM perspective, and promote employee resistance (Calori, & Lubatkin, 1994; Kogut, & Singh, 1988; Very, 1994; cited in Finkelstein et al., 1999, pg 8). Finally, cross-border M&A may, from a strategic perspective, quicken access to new markets and contribute to globalisation synergies (Forsgren, 1989; Olie, 1990; cited in Finkelstein et al., 1999, pg 8). However, it is likely to believe that a cross-border M&A has a higher chance to succeed if the acquiring company gets the target company's management and board approval. In order to get the approval and make the transaction as smooth as possible, a higher bid premium, compared to domestic transactions, could be motivated.

2.8. Regulations Related to Mergers & Acquisitions

Information in a public takeover attempt should be available at the same time for all investors and stakeholders, in order to have an efficient market and absence of arbitrageurs. To enforce these conditions, an acquiring firm needs to follow a very strict procedure when making a

takeover bid or a merger proposal. It is our intention to briefly inform the reader of some rules and regulations that can be helpful when further reading and to get a general knowledge of the procedure on the Norwegian and the Swedish Stock Exchanges. (Oslo Börs, 2008; Nasdaq OMX, 2009)

An acquisition offer for a public traded firm may only be placed after certain preparations, which controls that, the buyer has the ability to fulfil given proposal. As soon as possible after the offering, a press release with names, financing structure, buyer's current shareholding, price premium etc. should be published. Within a period of four weeks after the announcement, the acquirer needs to apply for an approval of its offer at the regulators of the target's Stock Exchange. Within two weeks before the bids term of acceptance expire, target firm's board of directors need to make a statement whether they recommend the offer or not. Term of acceptance for the target's shareholders, the timeframe for deciding to accept or declining the offer, may vary between three to ten weeks. Regarding target shareholders' compensation, identical conditions should be offered for identical stock type. After the term of acceptance has expired, the acquirer need to publish the amount of shares they own after acquisition, if all terms were successfully fulfilled, when the payment to the target's shareholders will begin and other relevant deal information. (Oslo Börs, 2008; Nasdaq OMX, 2009)

If a firm acquires over a certain amount of the outstanding shares, the acquirer is obliged to present an offer to acquire all the remaining shares of the company. A mandatory bid is triggered if a person through an acquisition becomes owner of more than 1/3 of the voting shares in a Norwegian listed company. Equivalent trigger is 30 per cent of the voting shares in a Swedish listed company. The mandatory offer price has at least to be equivalent to the volume-based average of the share price during the last 20 trading days and it should be presented no later than four weeks after the mandatory offer obligation was triggered. Another trigger is 90 per cent, which is the minimum amount of the outstanding shares the acquirer needs to possess to delist the target from current stock exchange. (Oslo Börs, 2008; Nasdaq OMX, 2009)

2.8.1. Run-up Abnormal Return

Previously mentioned rules in, section 2.8, involved with M&A transactions, are very important for regulators to maintain, in order to have an efficient market. Since takeover attempts often involve several parties, such as financial advisers, lawyers, management and

board of directors in the acquiring firm; everything has to be strictly confidential. If leakage of information occurs, it is possible to use this and invest in for example target firm. Since a takeover usually involves a price premium for the target's shareholders, as mentioned in section 2.5, investors with inside information can make arbitrage profits.

Pound and Zeckhauser (1990) found, during the so-called rumour run-up period, a seven-percentage increase in the share price of target U.S firms for 20 trading days before the rumour was announced publicly. Looking at the pre-announcement run-up, instead of pre-rumour, Keown and Pinkerton (1981) found that approximately half of the market reaction occur prior the public date of announcement. Keown and Pinkerton (1981) found along with the study of Jabbour, Jalilvand, and Switzer (2000), on the Canadian market, that the abnormal price performance pre-announcement is mainly due to trading by corporate insiders.

2.9. Hypotheses

2.9.1. Target Shareholder Return

As further will be described in our method section, our null hypothesis, H_0 , and alternative hypothesis, H_1 , is whether or not target shareholder return is equal to zero. We chose to present the hypotheses, below, both here and in our method section in order to have a numerical order of the hypothesis.

H_0 : Cumulative abnormal returns (CAR) for target companies are equal to zero

H_1 : Cumulative abnormal returns (CAR) for target companies are not equal to zero

2.9.2. Hostile Takeovers

As stated in the introduction and in section 2.3 hostile bids are bids that are either rejected by the target board of directors or not discussed with the target board before they are being made. According to earlier M&A literature, hostile takeovers are often carried through at a higher premium than friendly takeovers (DePamphilis, 2010). Supporting this, Frank and Harris (1989) and Sudarsnam, Holl and Salami (1996) found evidence of higher abnormal return during hostile takeovers than friendly takeovers in the U.K. and Franks, Harris and Titman (1991) concluded the same result on the U.S. market. We consequently want to test if this is the case on the Scandinavian market as well. In order for us to test this relationship we create a dummy variable, HOSTILE, for each deal in our sample, taking the value 0 if the deal is friendly and 1 if it is classified as hostile. Thus our second hypothesis is:

H₂: Hostile takeover attempts generates higher return to target shareholders than friendly attempts

All of the following hypothesis will be tested in four steps. First, we will test if the hypotheses hold for hostile bids. Second, we will test if they hold for friendly bids. Third, we will test if the hypotheses hold for the total sample in each country and finally we will test if they hold for the Scandinavian market. By following this method we will be able to see differences and similarities between friendly and hostile bids, differences and similarities between the countries and at the same time be able to make conclusions about the Scandinavian market. Moreover, since the hypotheses will be tested both for friendly and hostile bids as well for three different markets, they will be formulated in a general way.

2.9.3. Deal Successfulness

Previous studies have shown positive abnormal returns to completed proposals and negative returns to cancelled proposals i.e. (Dodd, 1980). However, DePamphilis (2010) argue that unsuccessful takeovers, i.e. bids that are not accepted and eventually cancelled, can result in positive abnormal return to target shareholders. He further argue that this only is possible around the announcement day since most of the return disappear if another bid does not appear. Consequently the authors want to examine if the market can predict if a bid will be successful or not. We believe this to be the case since target shareholders play a vital part in the final decision to whether the bid will be completed or not.

H₃: Successful bids generates higher return than unsuccessful bids

To test this hypothesis we create another dummy variable, named SUCCESSFUL, assigned with the value of 1 if the deal is successful and 0 if the deal is unsuccessful.

2.9.4. Deal Relatedness

It may be argued that higher bid premiums, and consequently higher return, are connected to horizontal and vertical mergers (related mergers), due to potential synergy effects. Georgen and Renneboog (2003) support this argument and further argue that an acquirer should not diversify by acquiring target firms that do not match their core business. However, it may also be argued that higher bid premiums are connected to conglomerate and financial mergers (unrelated mergers) since such mergers potentially can take advantage of a new capital structure and thus lower the cost of capital. Earlier studies have already tested if horizontal, vertical and conglomerate deals are positively correlated to CAR. Hence, it is our intention to

modify earlier hypotheses to see which type of deal that generate the highest CAR. Consequently, our hypothesis is:

H₄: Unrelated M&A generates higher return for target shareholders than related M&A

To test for this hypothesis we created a dummy variable, RELATED. We gave the deal a 0 if the deal was classified as vertical or horizontal and a dummy of 1 if the deal was classified as financial or conglomerate.

2.9.5. Payment Method

Goergen and Renneboog (2003) concludes that a payment from the acquirer where all or some parts are paid with equity generates negative abnormal return around the announcement for both the target and acquirer shareholders. When an equity bid is made, it signals to the market that the acquiring firm's managers believe their shares are overpriced, and consequently the abnormal returns decrease for both partners. Furthermore, previous research has shown that all cash bids generate higher CAR to target shareholders than all equity bids as well as mixed method of payment, hybrid bids (Andrade, Mitchell, & Stafford, 2001; Goergen, & Renneboog, 2003; Huang, & Walking, 1987). This is further strengthening by the pecking order theory presented by Myers (1984). However, Chatterjee and Kuenzi (2001) argue that equity transactions are not seen as a negative signal by the market since it gives the target company incentives to make a success of the transaction. Consequently, we would like to test this dilemma with the following hypothesis:

H₅: Cash offers as payment method generates higher return to target shareholders compared to stock or hybrid offers.

To test for this hypothesis we classify a deal dummy, named CASH, of 1 if it is an all-cash offer and 0 if it is not an all-cash offer.

2.9.6. Boom or Bust Period

Earlier M&A literature have reported that bidder gains fall during boom periods since managers are more likely to pay overprices (Shelton, 2000), which is also consistent with the hubris hypothesis of Roll (1986). Further, it can be argued that free cash flow is used for management empire building (Lang, Stulz, & Walking, 1991). This could be explained since it is believable that managers have higher excessive optimism and more liquid resources available during boom periods than bust periods (Shelton 2000). Consequently, for target companies this should imply the opposite; that target shareholder return is higher during boom

periods than bust periods. In contrast, Pangarkar and Lie (2004; cited in Haleblan et al., 2009) argue that managers are less likely to overpay for acquisitions when equity market cycles are low. It can moreover also be argued that companies are more careful during bust periods and therefore choose to spend their money more wisely and thoughtfully. It can further be argued that companies have a relatively lower market to book value during bust periods. This relatively low market value can motivate acquirers to pay a larger price premium to the target shareholders. We would through this discussion like to test this dilemma and thus we formulate the following hypothesis:

H₆: Higher return is realised during bust periods compared to boom periods

We created a dummy, named BOOM, with the value of 1 if the deal is conducted during a bust period and 0 if it is conducted during a boom period. Georgen and Rennebog (2003) applied a kind of boom versus bust variable in their study. They stated that the European M&A activity grew by more than 280 per cent in value during 1996-1999 but even more between 1999-2000. Consequently they divided their sample in two periods; the bids before 1999 was classified as a sort of bust period, meanwhile the timeframe 1999-2000 was classified as a boom period. However, we have chosen a definition of boom when the market index has been positive during the last six month pre-announcement, and bust when the index has been negative. Six month has been chosen due to the fact that it takes several months of planning a takeover proposal and the current market situation can be important when making the proposal. Further, we chose to measure the change in market index instead of change in GDP since it is fewer measuring points for GDP compared to market index in Reuters DataStream, which for us was beneficial.

2.9.7. Country of Acquirer

As previously discussed in 2.7., cross-border acquisitions have more possible barriers to entry than domestic acquisitions due to cultural differences etc. These barriers could decrease the buyer's potential synergy effects and consequently lower the price premium paid to the target. However, it is also argued that cross-border acquisitions generate higher diversification synergies than domestic acquisitions, which motivates a higher premium (Conn, Cosh, Guest, & Hughes, 2005). A high premium can further be motivated to minimize the resistance from target board and management in order to make the necessary implementations as smooth and successful as possible. Due to these arguments we would like to control what impact cross-border acquisitions have, and therefore formulate the following hypothesis:

H₇: Cross-border M&A generate higher return to target shareholders than domestic M&A

To test the hypothesis if cross-border M&A are more positive related to CAR than domestic M&A, we constructed a dummy, named CROSS, with a value of 0 if it is a domestic deal and 1 if the acquirer is not a domestic one.

3. METHOD

This section will thoroughly describe chosen methodological approach and describe data collection as well as discuss reliability and validity of chosen method.

3.1. Research Approach

In this thesis we have used a deductive approach (Backman, 2008). We began with collecting and understanding the theory about M&A, from which we then formulated hypotheses. We continued by statistically testing whether the hypotheses could be confirmed or not. Finally, the results were analysed, discussed and explained with regards to the theoretical framework. In the last step, there was a slight inductive approach since we could formulate new theories and hypotheses based on the results of the old ones (Bryman, & Bell, 2005). Furthermore, a quantitative research strategy was used in the study to test if M&A are creating abnormal returns for target firm's shareholders and if this could be derived from any specific bid or deal determinants. Our original idea was to conduct a study on the entire Scandinavian market, but since there were too few hostile deals in Denmark (three), our study is limited to Sweden and Norway. Originally, we found 34 public takeover bids in Denmark, whereof three were hostile. Consequently, we believe that our choice to disregard Denmark still will reflect the Scandinavian market rather well since the public deals in Sweden and Norway represent 89 per cent of the entire Scandinavian activity and almost 94 per cent of all Scandinavian hostile bids. To be able to measure abnormal return to target' shareholders, we have chose to use an event study approach and in order for the reader to a better understanding of our method, we will describe our event study in the following sections.

3.2. The Event Study

The methodology of capital market oriented event studies was introduced by Fama (1970), and was further developed by e.g. Brown and Warner in 1980 and 1985. An event study measures the success of a transaction by analysing the abnormal return to the shareholders. The timeframe of the analyses can vary, but it is either measured instantly surrounding the public announcement of a transaction or measured directly after the announcement in a longer period (Wubben, 2007). The event study is, as mentioned before, based on a semi-strong efficiency where unanticipated events, such as an acquisition, affect the share price. The

procedure of an event study is essentially comprised by several steps (Wubben, 2007; MacKinlay, 1997):

- i. Define announcement day and “event-window”
- ii. Determine the normal return (= the expected return assuming that the acquisition never was announced)
- iii. Determine the abnormal return (=the difference between the actual and normal return)
- iv. Measure the statistical significance of the abnormal returns

i. Define announcement day and “event window”

Event studies can provide knowledge of abnormal returns to the shareholders of the acquirer, the target company, or a combination of both. However, the purpose of this study is solely to measure the abnormal returns to the target company shareholders. The first step to measure this is to define the announcement day and the event window. The day when acquisitions become public is defined as the announcement day (Brown, & Warner, 1985; Wubben, 2007).

Furthermore, the event window is the days surrounding the announcement day capturing the stock price changes, which a public announcement (assuming a semi-strong efficiency) results in. Similar to several reviewed studies, seen in table 3.2, our event window will start one day before announcement day and continue to one day after the announcement day. Assuming that the announcement day is day 0, our event window will consist of three days [-1,1]. However, there is both a risk and a possibility that the stock market may anticipate the upcoming announcement due to inside information or rumours, in which case the share price will be affected before the announcement day. On the contrary, the market may also react slowly to an M&A announcement, which motivates a longer event window. By keeping the window relatively short there is a smaller chance that noise, other company events that affect the share price, will influence the result (Tuch, & O'Sullivan, 2007). Furthermore, Andrade et al. (2001) argue that studies using short-term event windows generate the most reliable results. An event window should, however, be long enough that possible overreactions by the market have time to be corrected.

Authors	Year	Acquirer Nation	Target Nation	Observation Period		Analytical Model	Estimation Period	Event Windows
				from	to			
Brown & Warner	1985	Random	Random	1962	1979	MM,MARM	250	[-5,+5]
Huang & Walking	1987	N/A	N/A	1977	1982	MM	250	[-1,+1] [-50,+50]
Jarrel et al.	1988	The U.S.	All	1960	1985	MM	N/A	[-10,+5]
Jarrell et al.	1989	The U.S.	The U.S.	1981	1985	MM	170	[-20,+5]
Mitchell & Lehn	1990	The U.S.	The U.S.	1980	1988	MM	150	[-1,+1] [-5,+1] [-20,+40]
Sudarsnam et al.	1996	The U.K.	The U.K.	1980	1990	MM,MARM	250	[-40,+40]
MacKinlay	1997	The U.S.	The U.S.	1989	1993	MM	120	[-20,+20]
Andrade et al.	2001	The U.S.	The U.S.	1990	1998	N/A	N/A	[-1,+1] [-20,close]
Chatterjee & Kuenzi	2001	The U.K.	All	1991	1999	MM, MARM	200	[-1,0] [-5,+5]
Beitel et al.	2004	European	All	1985	2000	MM	252	[-1,+1] [-10,+10] [-20,+20]
Boateng & Uddin	2009	The U.K.	Foreign	1994	2003	MM	170	[-1,+1] [-5,+5] [-10,+10]

Table 3.2 – Summary of previous and related studies. The analytical models, estimation period and event windows used in our study is based on these previous studies.

As a result, we argue to use several short-term intervals in order to account for both problems prior the announcement, such as inside information and rumours, as well as problems post the announcement (overlapped event windows, overreactions or slow reactions by the market). We will use the following event windows; [-1,1], [-3,3], [-5,5], [-10,10], [-1,3] and [-1,10], which is a mix of previous studies, seen in table 3.2., [-1,1], [-5,5], [-10,10] are the most common used ones during short-term studies. E.g. Boateng and Uddin (2009) use all these windows in their study. Our other three windows are added to get a broader view and capture all the short-term effects, while at the same time get a better perspective to analyse our results.

ii. Determine the normal return

To increase the validity of our study we will calculate, as mentioned, the normal return in two ways, through the Market Model formula (3) and the Market Adjusted Return Model (4). The difference and advantages with each formula will be discussed in the end of this section after each model have been explained.

The normal return of a share is defined as the expected return assuming that the acquisition never occurred, and thus was never announced. Consequently, it is a form of benchmark that is needed to further calculate the actual return. To approximate such a benchmark, a market index is often used. On the Swedish market, we have chosen to use Affärsvärdens General Index (AFGX), which is similar to the Swedish study made by Doukas, Holmen and Travlos in 2002. On the Norwegian market we have consequently chosen a corresponding index, Oslo Stock Exchange General Index (OSLOASH). The actual return is further calculated for every stock included in our study, and is calculated with the Market Model formula which assumes a linear relationship between the market portfolio m and the return of the share i .

However, we also assumed in line with Kuenzi and Chatterjee (2001) that the average error term $E(\varepsilon_i) = 0$.

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \quad (3)$$

Where:

R_{it} = Actual return on share i on announcement day t

α_i = Intercept term

β_i = Slope coefficient associated with the return of the market portfolio (m)

R_{mt} = (Normal) Return on the market portfolio (m) on announcement day (t)

ε_i = Error term

The coefficients α_i and β_i are determined by ordinary least squares regression, and are calculated for each company in our sample based on a historical pre-event estimation period. According to Wubben (2007) most studies have used an estimation period of a full year or approximately 250 trading days. This can also be confirmed in table 3.2 where we summarized some of previous studies. We have therefore chosen an estimation period of 250 days, starting from $t-340$ to $t-90$ days prior the announcement day. Such a period will not be too far from the event windows making the estimated parameters non relevant, and at the same time, it is not too close to the event itself which could lead to distortion (Kuenzi, & Chatterjee, 2001).

The Market Adjusted Return Model instead assumes that $\alpha_i = 0$ and $\beta_{mt} = 1$ (MacKinlay, 1997). Hence, the Market Adjusted Return Model assumes that expected return on stock i is equal to the return of the market index.

$$E(R_{it}) = R_{mt} \quad (4)$$

Where:

$E(R_{it})$ = Normal return on stock (i) at announcement day (t)

R_{mt} = Return on the market portfolio (m) on announcement day (t)'

While the Market Adjusted Return Model simplifies a β of one and α of zero, the Market Model calculates the true values. Consequently, the Market Model is more correctly.

iii. Determine the abnormal return

The abnormal return, AR, of a share i for the announcement day t reflects the estimated impact of the announcement on the share price. The abnormal return is the difference between the actual and the normal return.

$$AR_{it} = R_{it} - E(R_{it}) \quad (5)$$

Where:

AR_{it} = Abnormal return on stock i on announcement day t

To determine if abnormal returns exist, we calculated the average abnormal return, AR, of each security in every period in the event window. Then, each individual security's abnormal return is aggregated for all the event windows, which gives us the cumulative abnormal return (CAR) for each specific security.

$$\overline{AR}_t = \frac{1}{n} \sum_{i=1}^n AR_{it} \quad (6)$$

$$CAR_T = \sum_{t=t_1}^{t_2} \overline{AR}_t \quad (7)$$

iv. Measure the statistical significance

In the final step we test the statistical significance of the abnormal returns. In order to do this we first have to formulate the null hypothesis, H_0 , that the acquisition has no impact on the target company's shareholder value. Then, we have formulated an alternative hypothesis, H_1 , that target shareholder return is not equal to zero.

H_0 = Cumulative abnormal returns (CAR) for target companies are equal to zero

H_1 = Cumulative abnormal returns (CAR) for target companies are not equal to zero

The null hypothesis is then further tested with a t-test in line with Lyon et al., 1999.

$$t = \frac{\overline{AR}_t}{\sigma(AR_{it})/\sqrt{n}} \quad (8)$$

Before explaining the regressions we present a short summary of all the hypotheses and their respective dummy variable abbreviation.

Hypothesis		Dummy variable
2	Hostile takeovers generates higher returns than friendly takeovers	HOSTILE
3	Successful bids generates higher returns than unsuccessful bids	SUCCESSFUL
4	Cash offers generates higher returns than stock or hybrid offers	CASH
5	Higher returns is expected during boom periods than during bust periods	BOOM
6	Unrelated deals generate higher returns than related deals	RELATED
7	Cross-border M&A generates higher returns than domestic M&A	CROSS

Table 3.3 – Summary of hypothesis and dummy variables, presented in order for the reader to better follow the regression below.

When performing linear regression based on dummy variables, all variables take a value of either 0 or 1. The values in this study are previously classified in section 2.9 – Hypotheses. To perform a Classic Linear Regression the following formula will be used where α and β is estimated using Ordinary Least Squares method (Kennedy, 2003).

$$CAR = \alpha + \beta_a HOSTILE_a + \beta_b SUCCESSFUL_b + \beta_c CASH_c + \beta_d BOOM_d + \beta_e RELATED_e + \beta_f CROSS_f + \varepsilon \quad (9)$$

However, when regression is made for hostile and friendly deals separately, the first dummy variable, $\beta_a HOSTILE_a$, is not incorporated in the formula. In our formula, CAR is the dependable variable and the dummy variables are the explanatory variables. Furthermore, six assumptions are made when conducting this type of regression. (Brooks, 2002)

The first assumption is an implicit assumption regarding the OLS method, which assumes that the explanatory variables are not correlated. However, in reality it is not likely that the variables are zero correlated since there almost always exists some multicollinearity. To test for the extent of this multicollinearity we have created a matrix of correlations between the specific variables. Three matrixes were created, one for Sweden, one for Norway and one for Scandinavia. The multicollinearity matrix for Scandinavia is presented in table 3.4.

	<i>Successfulness</i>	<i>Country of Acquirer</i>	<i>Payment Method</i>	<i>Relatedness</i>	<i>Friendly/Hostile</i>	<i>Boom/ Bust</i>
<i>Successfulness</i>	1					
<i>Country of Acquirer</i>	-0,0545	1				
<i>Payment Method</i>	0,0763	0,1031	1			
<i>Relatedness</i>	0,1243	-0,2528	0,3363	1		
<i>Friendly/Hostile</i>	-0,4098	-0,0266	0,0586	0,0282	1	
<i>Boom/Bust</i>	-0,0503	-0,0133	0,0485	0,0329	0,1616	1

Table 3.4 – Multicollinearity matrix for Scandinavia, describing the correlation between the different variables.

Brooks (2002) use as a rule of thumb that any correlation below 0,8 is non-problematic. As can be seen in table 3.4, the correlations are relatively low and will thus not influence our results. Moreover, since the results were approved for the Norwegian and the Scandinavian market as well, we only choose to present the result for Sweden's matrix.

Assumption two to six concern the error term, ϵ . The second assumption is that the average error term is presumed to be zero. The third assumption states that the variance of the errors is constant and the fourth assumption continue to state that the different error terms are uncorrelated with one another. Furthermore, fifth assumption is that explanatory variables are non-stochastic, which indicates that they are independent and uncorrelated with the error term. Lastly, the sixth assumption states that the error term is normally distributed. (Brooks, 2002)

3.3. Data Collection

When conducting a research and event study there are two major types of data one could use; primary and secondary. Primary data, such as questionnaires, interviews etc., is data collected by the researchers themselves. The main advantages with primary data is that since you collect the data yourself, you have more control over its accuracy, relevance and objectivity, whereas the disadvantages are that it could be very costly and time-consuming. Secondary data, such as books, journals etc., is data collected by someone else; hence all data throughout this thesis are secondary. (Ober, 2007) Our data was collected from several databases, further discussed in section 4.4, and was compiled to the following criteria:

- The transaction was announced between 2000-01-01 and 2010-12-31
- The transaction was classified as a merger or acquisition, not a strategic investment
- The target was a publicly listed Swedish or Norwegian based firm

- The deal status was either completed or cancelled/withdrawn within the previous mentioned time horizon
- The bid fulfilled at least one of the two following criteria:
 1. The bid was a takeover bid where the acquiring company's purpose was to acquire all of the target company's outstanding stock
 2. The acquirer controlled less than 50 per cent of the target's outstanding shares before the transaction, and more than 50 per cent after/if the transaction was completed.
- Bids that were either raised or contested within our event windows were not included

3.4. Reliability

Reliability concerns the degree of replicability of this study. In order for our study to be repeated we will thoroughly describe used methods and collected data.

We have chosen to study M&A announcements where the target is a Swedish or Norwegian public company. The Swedish or Norwegian target has to be listed in order for us to measure the changes in the traded stock. To get our initial sample of M&A deals we used the databases Thompson Reuters 3000Xtra, Zephyr and MergerMarket, which all are classified to be reliable databases. Zephyr database was e.g. used by Le Nadant and Perdreau (2006) to collect sample data in their study. Moreover, MergerMarket was used by KPMG when they did their M&A study, "Competing for growth 2001". Finally, Thompson Reuters is "the world's leading source of intelligent information for business and professionals" (Thompson Reuters, 2011).

Above mentioned databases were further used to classify a transaction as either friendly or hostile. The same databases were also used to classify firm relatedness, method of payment, deal completeness and the geographical location of the acquirer. If for some reason the information did not correspond or was not given in the databases we have gathered and/or compared the given information from both the company's press releases as well as other articles provided by the database Affärsdata, Cisionwire, or Dagens Industri's webpage. This resulted in that we classified 17 deal purposes and 6 method of payment ourselves according to the definitions made in 2.4 and 2.5 respectively. Instead of making the classifications ourselves we could have excluded the specific deals from the study, but we believed this would have resulted in a too large loss of transactions, thus, not given us a large enough sample. Since we have collected the data through several databases and transferred manually

to excel-documents and moreover classified several deals ourselves, there is a chance of human errors during the process, which could lower the reliability.

Moreover, stock prices and comparative indices were collected from Thompson Reuters Datastream Advanced, which also is classified as a reliable database since it “is the world’s largest financial statistical database” (Datastream, 2011). Furthermore, Danbolt (2004) uses this database in his study.

3.5. Validity

According to Bryman and Bell (2005) validity can be divided into conceptual, internal and external validity.

Conceptual validity, also known as theoretical validity, concerns the issue of whether the study really measures the question at hand (Bryman, & Bell, 2005). Our main purpose in this study is to analyse if there are any significant differences in target shareholder return between friendly and hostile takeovers. The first question that consequently must be raised is how we can measure the affect on target shareholder return? In order to increase the validity of our result we have chosen to calculate target shareholder return by using two different models; the Market Model and the Market Adjusted Return Model. Both of these models measure the change in share prices resulting from the M&A announcement (actual return – normal return). The difference between these models is how you calculate the normal return. The second question must therefore be to question our model regarding how to measure the normal return, which is the expected change in the stock price if the transaction never would have happened. The two methods we have chosen in this study have been used in similar studies, i.e. Brown and Warner (1985), Conn et al. (2005) and MacKinlay (1997), which give validity to our study. Furthermore, these methods have been used repeatedly in the last 25 years, which indicates that there are no better methods available and uphold even more validity to our study. An alternative method could have been to use the Buy-And-Hold Abnormal Return model used by Lyon et al. (1999). However, this model is more suitable when testing for long-run abnormal return and since the model can give a slight misleading result in short term prospects, we have chosen to rely on previous mentioned models.

Internal validity concerns the issue of whether it can be concluded that one variable, x, affect another variable, y, or if it is possible that some other variable give rise to a seemingly causal relationship (Bryman, & Bell, 2005)? As mentioned before, this study presumes a semi-strong

efficiency (Fama, 1970), which assumes that any changes in stock prices are attributable to new information i.e. an M&A announcement. However, there is a possibility that stock price fluctuations depend on more than the announcement information, which will distort our result. Nevertheless, as mentioned before, the method used in this study has been used in similar studies increasing the validity. Moreover, to uphold even more validity and minimize the risk of a distorted result we have used relatively short event windows, which will decrease the possibility of other company events affecting our result.

External validity concerns the issue of whether the result from this study can be generalized and used in other settings (Bryman, & Bell, 2005). In order for this quantitative study to uphold external validity it is very important that the sample is representative for the Scandinavian market. The sample and the selective criteria were previously discussed in section 3.3. In the last chapter of this thesis we will discuss and suggest further research built upon our result. Consequently, we will first be able to know the external validity of our result in the future. However, in order for this study to be easily repeated we will now go through the event study.

4. EMPIRICAL RESULTS AND ANALYSIS

In this chapter we will first present our sample, then present and analyse our empirical results. This result will follow in the same order as our hypothesis. First we will present the result shortly, whereafter a more analytical text will follow consistently focused on the difference between hostile and friendly takeovers.

4.1. Sample Description

This sample description section can further be divided in two sections. First, we will introduce our initial sample and argue why several takeovers have been removed. Second, we will describe the used sample by tables and figures in order for the reader to get a better understanding of the sample. This can be found in appendix 1-4. Appendix 1-2 consist of all the hostile takeovers, while, appendix 3-4 consists of all friendly takeovers.

4.1.1. Original Sample

Our initial data sample included 171 public takeover bids in Sweden whereof 34 were classified as hostile and 137 as friendly. In Norway our initial data sample included 96 public takeovers bids whereof 14 were classified as hostile and 82 as friendly. Due to causes, explained after table 4.1, we have chosen to not include the following four deals in our sample when we made our regressions.

Announcement	Target	Acquirer	Country of Target	Friendly/Hostile
2001-05-25	Jobline International AB	Monster.com	Sweden	Friendly
2008-10-15	Peab Industi AB	Peab AB	Sweden	Hostile
2008-10-27	Revus Energy ASA	WNEP*	Norway	Friendly
2008-12-09	Wayfinder Systems AB	Vodafone Group	Sweden	Friendly

* Wintershall Norwegen Explorations und Produktions GmbH

Table 4.1 – Excluded deals in our regression sample.

To get as homogenous and representative sample as possible, we plotted our data to see if it included any extreme values. As can be noticed in figure 4.1 we had three extreme values in Sweden. The first two, marked in red, had significantly higher values than the median and mean value in the sample. The two deals had further extremely high values for all our event windows, but we only choose to display an example of one window. To make sure that these extreme values would not affect our parameters in regression, we decided, in consensus with our tutor, to remove them from our sample. The third red plot is the hostile acquisition of

Peab Industry by Peab. Peab was founded 1959 by the Paulsson family. Peab Industri, a wholly owned subsidiary of Peab, was in 2006 listed on the Swedish Stock Exchange. This procedure was possible due to the fact that the shareholders of Peab received the entire amount of shares in Peab Industri. In 2008 Peab realised that the two companies could earn extensive synergies together, and made for that reason an offer of the entire firm. Why the offer was classified as a hostile takeover according to MergerMarket and Thomson Reuters 3000Xtra seems odd. The Paulsson family was the largest owner of Peab, with 71 per cent of the votes in Peab Industri and had influential positions on the boards of both firms. (Peab, 2008) Since this deal generated a very low return for the shareholders of Peab Industri during the event windows, which might have something to do with the extraordinary ownership structure, and since we believe it is wrongfully classified, we have chosen, also in consensus with our tutor, not to include the deal in our study.

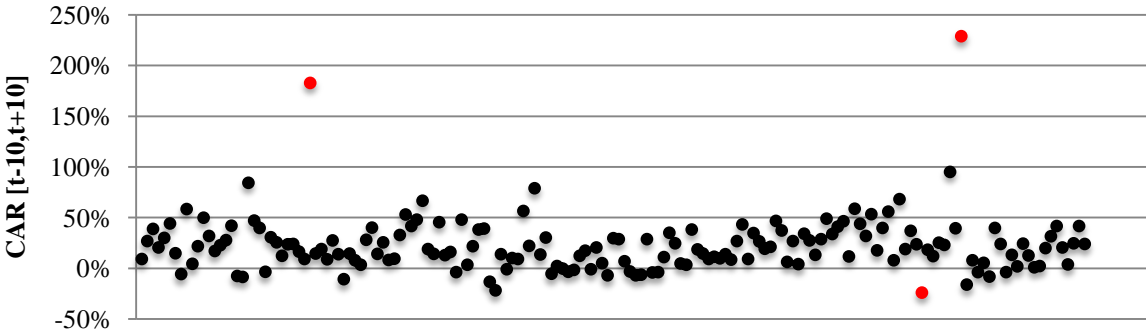


Figure 4.1 – Plot of Swedish Sample. The three red marked plots are excluded in our sample.

Further, when we plotted the Norwegian sample in figure 4.2 we found one extreme value, which had significantly higher values for all the event windows, than the median and mean value in the Norwegian sample. Consequently, we decided, in consensus with our tutor, to remove the deal from our sample.

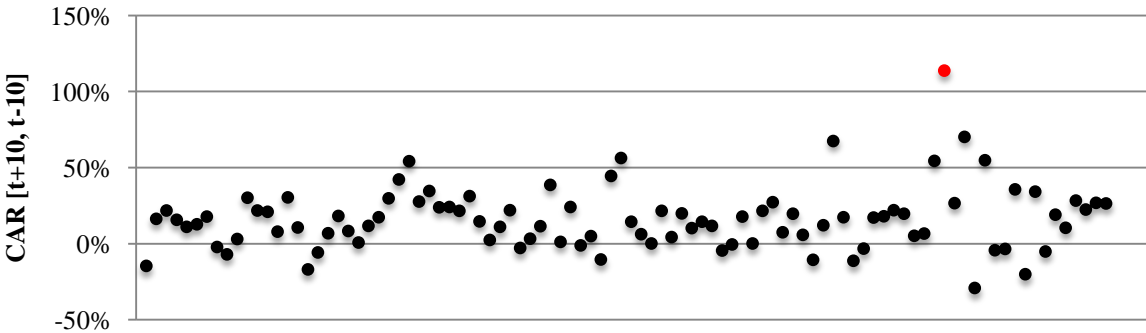


Figure 4.2 – Plot of Norwegian Sample. The red marked plot is excluded in our sample.

4.1.2. Description of Used Sample

The data below is presented with a distinct focus on the difference between friendly and hostile bid characteristics in the two countries.

Our sample consists of 224 completed and 37 cancelled deals. Note the relationship of cancelled deals and hostile takeovers in figure 4.3, where 36 per cent of the Swedish and 64 per cent of the Norwegian hostile takeovers are cancelled. The same relationship, cancelled to total deals, for friendly takeovers is four per cent for Swedish and 12 per cent for Norwegian deals. Friendly cancelled deals in Scandinavia are seven per cent of all friendly, while the hostile cancelled are 45 per cent.

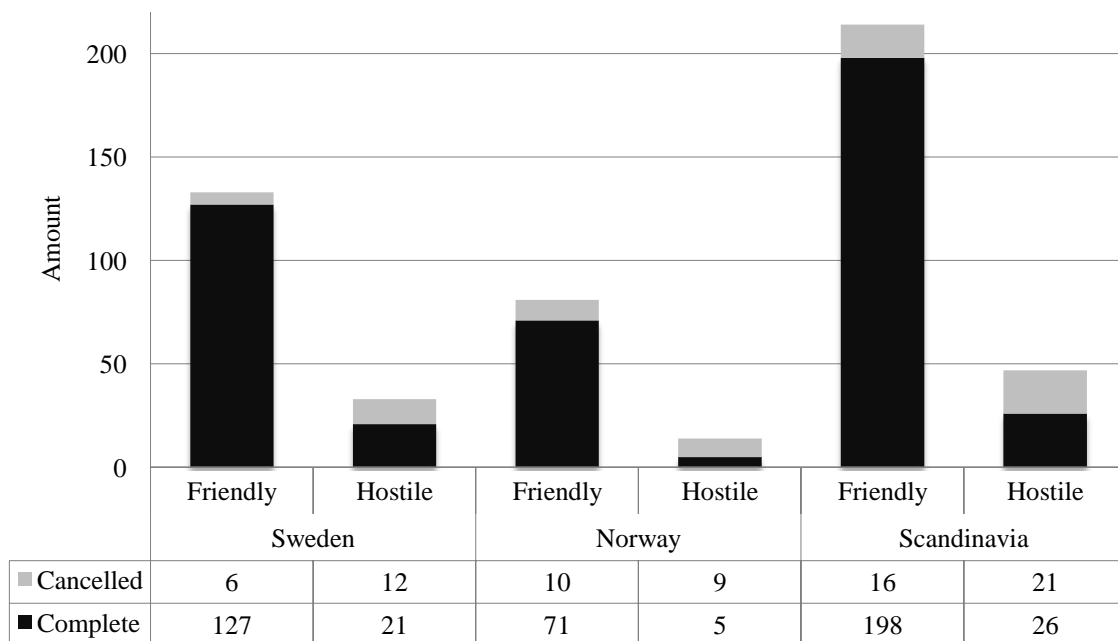


Figure 4.3 – Deal completeness viewed as friendly and hostile in Sweden, Norway and Scandinavia.

As can be viewed in table 4.2, Sweden and Norway have the largest amount of transactions. This is due to the fact that domestic acquisitions are more common than cross-border acquisitions. In both Sweden and Norway, domestic friendly takeover attempts represent above 60 per cent. For hostile takeovers we found that 73 per cent of the deals in Sweden and 57 per cent of the deals in Norway are domestic. However, even though we would rank only cross-border acquisitions, we would find both Sweden and Norway in the top since there is high M&A activity between the two countries. The largest outsider is United States, followed by Finland, United Kingdom, Denmark and France. We believe that this relationship was expected since top ranked countries are either situated in the Nordics or have a large export and/or import exchange with Sweden and Norway.

	Sweden		Norway		Scandinavia		Total
	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>	
Sweden	82	23	6	1	88	24	112
Norway	9	2	51	8	60	10	70
United States	12	1	4	1	16	2	18
Finland	6	0	3	0	9	0	9
United Kingdom	5	2	1	1	6	3	9
Denmark	4	0	2	1	6	1	7
France	2	1	4	0	6	1	7
Germany	3	1	2	0	5	1	6
Netherlands	1	0	3	1	4	1	5
Iceland	0	1	3	0	3	1	4
Bermuda	0	0	2	1	2	1	3
Canada	3	0	0	0	3	0	3
Switzerland	3	0	0	0	3	0	3
Belgium	1	0	0	0	1	0	1
Japan	1	0	0	0	1	0	1
Luxembourg	0	1	0	0	0	1	1
Russia	1	0	0	0	1	0	1
United Arab Emirates	0	1	0	0	0	1	1
Total	133	33	81	14	214	47	261

Table 4.2 – Cross-border acquisitions, entire sample divided into origin of target and acquiring company. Origin of acquiring firm (on the right side) is categorized by total amount of deals.

Structure of payment divided into the two types of deal attitudes, hostile and friendly, is presented in 4.4. Other structures, equity swap or a combination of equity and cash, are more common during friendly takeovers than hostile. The percentage of friendly deals that is pure cash offers is 72 per cent compared with 79 per cent for hostile deals in Scandinavia. This pattern is similar for both Sweden and Norway. Cash offers are represented in 66 per cent of the friendly deals and 74 per cent of hostile in Sweden, while the cash offer relationship in the Norwegian sample is represented in 82 per cent of friendly deals and 93 per cent of hostiles. By this, we can conclude that cash offers is more common in hostile bids than friendly ones.

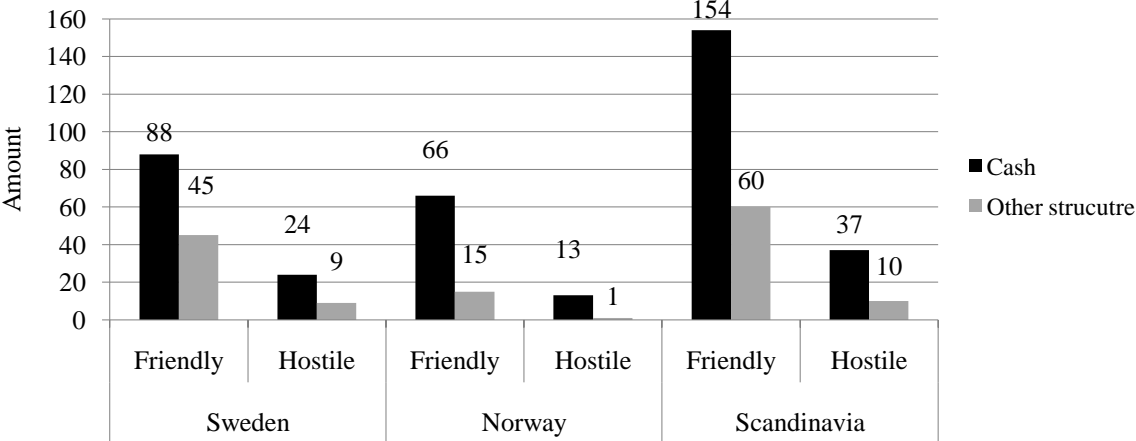


Figure 4.4 – Method of payment in relationship to country and deal attitude.

Figure 4.5 display that cash offers are slightly more common in bust periods compared with boom periods in both Sweden and Norway. However, the deviation between cash proportion during boom and bust in Norway is only two per cent and in the similar deviation is Sweden is nine per cent.

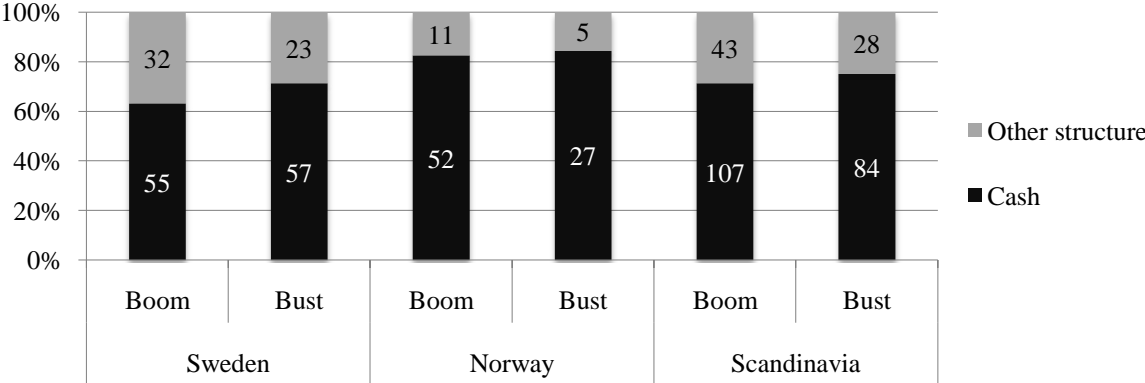


Figure 4.5 – Method of payment in relationship to country and market condition. Y-axis represents cash used in percentage. Amount in bars represent cash deal in absolute terms.

Figure 4.6 display that friendly takeover bids are more common during boom periods than during bust periods. 39 per cent of the friendly deals are observed during a bust period and 61 per cent during the boom period. The relationship is reversed for hostile takeover bids and 60 per cent of the deals is observed for bust periods. This can be observed for both Sweden and Norway, even though the percentage might vary slightly.

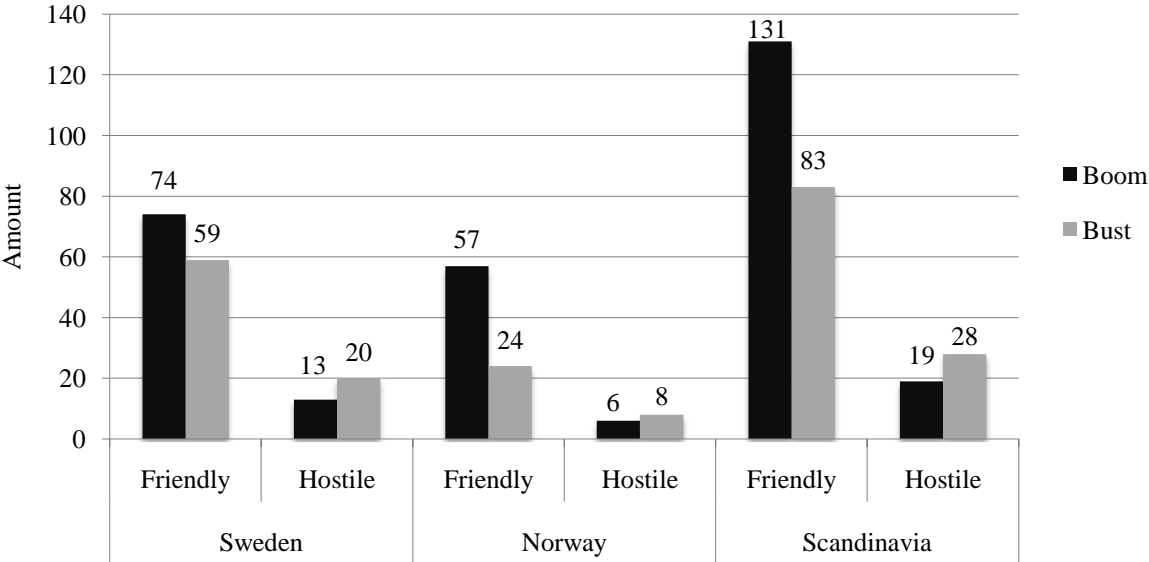


Figure 4.6 – Relationship among deal attitude and market status.

There are no distinct patterns of relatedness and deal attitude, which can be calculated given the numbers in figure 4.7. However, financial megers are slightly more common in hostile takeover attempts than in friendly ones. Financial mergers are represented by 19 per cent of the friendly takeover sample in Sweden compared to 36 per cent of the hostile sample. Similar pattern can be found in Norway, where 29 per cent of the friendly takeovers are financial mergers and 36 per cent are hostile. The most common merger type for Scandinavia is horizontal, which is represented in 148 deals or 57 per cent of the 261 takeover attempts.

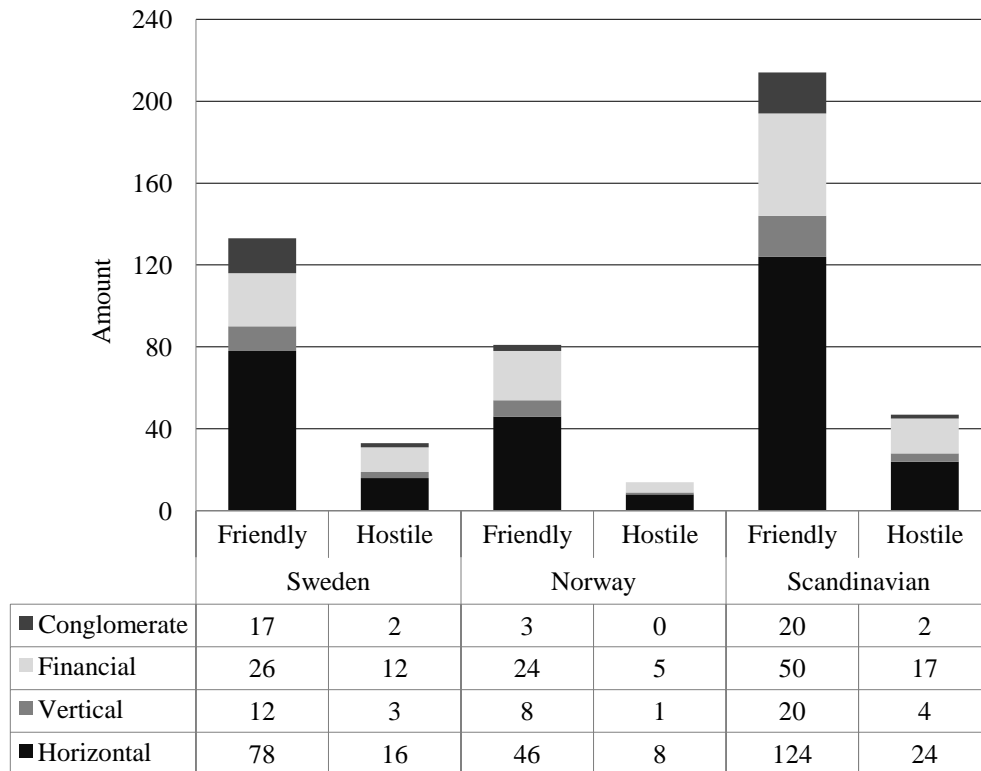


Figure 4.7 – Firm relatedness. Related deals is horizontal and vertical, and unrelated deals is conglomerate and financial.

4.2. Result and analyses of hypotheses

4.2.1. Hypothesis One – Target Shareholder Return

Our first hypothesis is whether or not return to target companies is equal to zero. Previous research i.e. Dodd et al. (1977), Georgen and Renneboog (2003), Huang and Walkling (1987), Frank and Harris (1989) and Servaes (1983) all found that M&A increase the return for target's shareholders. As can be seen in table 4.3, the same result has been found in our sample, both for the Norwegian, Swedish and Scandinavian market – thus confirming our hypothesis. Frank and Harris (1989) as well as Dodd and Ruback showed target returns of 20 and 23 per cent respectively, during the bid month. Servaes (1991) also showed target return of 23 per cent but for the period from the announcement day until completion date, and Huang and Walkling (1987) showed target return of 23 per cent during the event window [t-1, t+1]. Even though our results are lower than 23 per cent, it is higher than Georgen and Renneboog's (2003) result that reported target return of 13 per cent for the European market.

Market Model

	Sweden		Norway		Scandinavia	
	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
[t-10,t+10]	0,2209***	11,6486	0,1617***	7,4029	0,1994***	13,7708
[t-5,t+5]	0,2111***	12,0655	0,1735***	8,7114	0,1972***	14,8615
[t-3,t+3]	0,2042***	12,2948	0,1714***	8,5458	0,1920***	14,9842
[t-1,t+1]	0,1949***	12,7370	0,1611***	8,5722	0,1828***	15,3801
[t-1,t+3]	0,1978***	12,2085	0,1619***	8,3842	0,1847***	14,8138
[t-1,t+10]	0,1927***	11,0640	0,1527***	6,9552	0,1782***	13,0565

Market Adjusted Return Model

	Sweden		Norway		Scandinavia	
	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
[t-10,t+10]	0,2218***	12,1204	0,1659***	7,8510	0,1996***	15,8243
[t-5,t+5]	0,2100***	12,1964	0,1715***	8,8453	0,1976***	16,1038
[t-3,t+3]	0,1998***	12,1203	0,1738***	8,6891	0,1924***	15,6664
[t-1,t+1]	0,1936***	12,6060	0,1619***	8,4593	0,1827***	16,1405
[t-1,t+3]	0,1957***	12,2556	0,1628***	8,3847	0,1849***	15,8199
[t-1,t+10]	0,1931***	11,1914	0,1544***	7,1308	0,1783***	14,2865

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.3 – Average CAR for Scandinavia, Sweden and Norway with very high statistical significance that target shareholder return is not equal to zero.

Further, figure 4.8 depicts the aggregated average CAR to target shareholders during our event windows. The figure displays that for the Scandinavian market, target CAR are relatively flat up to day t-6 and thereafter register a constant slight increase up to the day before the announcement. At the announcement day, CAR increases the most, reacting favourably to the announcement and generating positive returns to investors. Further, the day after announcement, t+1, has also on average a sizable abnormal return. However, the period between t+1 and t+10 have on average a slight negative abnormal return for all the markets. This means, that for an investor who misses the investment opportunity during the announcement day, they can still benefit during t+1. However, after t+1 they, on average, experience a slight decrease until t+10. Consequently, it would be interesting to investigate target shareholder return from day t+1 until completion or cancellation day of the deal to see if a common investor can benefit from such transaction.

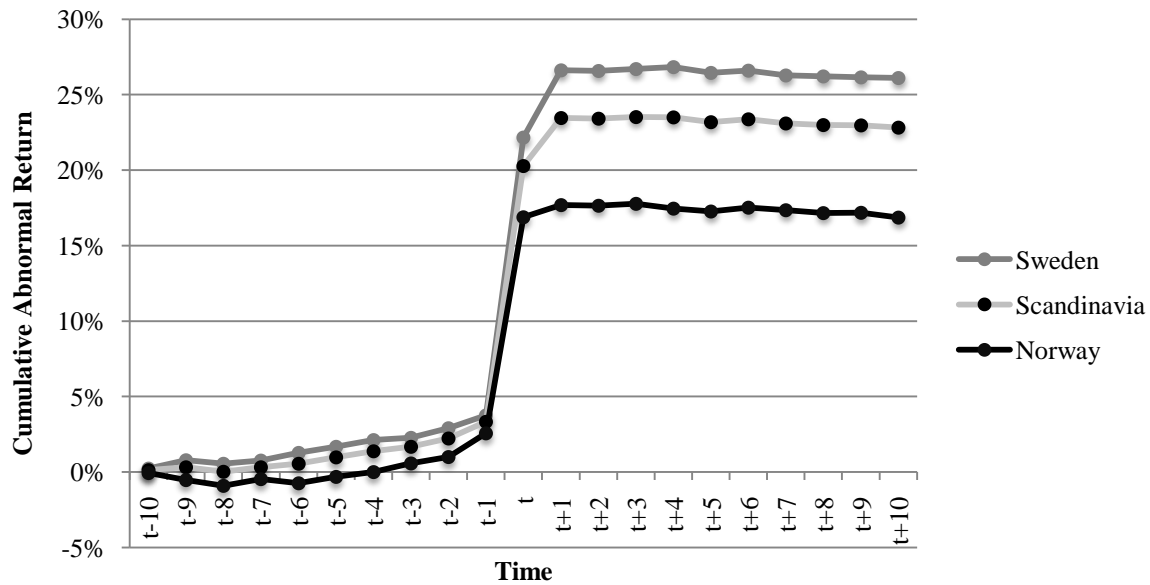


Figure 4.8 – Cumulative Abnormal Return for Sweden, Norway and Scandinavia.

Moreover, the run-up period before the announcement date indicates either that the market may anticipate the bid or, as Holl, Salami and Sudarsnam (1996) and Chatterjee and Kuenzi (2001) argue, that corporate insiders are trading the stock. The figure further shows that such insider trading or market anticipations start earlier in Sweden than in Norway. Even though there is a run-up period before the announcement date, we may state that the market in general is semi-strong. This is in line with Efficient Market Hypothesis (Fama, 1970), due to the fact that the market reactions first on the announcement day.

4.2.2. Hypothesis Two - Hostile Takeovers

Our second hypothesis is to investigate if hostile takeovers generate higher returns to target shareholders than friendly takeovers. Our results from the two models in table 4.4 do not differ considerably, which gives reliability to our calculations. Further, table 4.4 show that average CAR is consistently higher for hostile takeovers than for friendly takeovers on the Scandinavian market, which is in line with our hypothesis. The percental difference between friendly and hostile bids fluctuates between 4,5 and 8,5 per cent in favour of the hostile bids. These results are independent of what event window we studied or model used to calculate the CAR. Except during the event window [t-10, t+10] on the Norwegian market, CAR is higher for hostile takeovers than for friendly takeovers in both countries. Moreover, if comparing the two countries, it is noticeable that Sweden in general has higher return than Norway, both for friendly and hostile bids.

Market Adjusted Return Model

	Sweden		Norway		Scandinavia	
	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>
[t-10, t+10]	19,64%	27,86%	15,09%	16,41%	17,92%	24,45%
[t-5, t+5]	18,56%	26,45%	15,80%	21,09%	17,51%	24,85%
[t-3, t+3]	17,07%	25,53%	15,54%	23,03%	16,49%	24,79%
[t-1, t+1]	17,21%	22,75%	14,46%	17,96%	16,17%	21,32%
[t-1, t+3]	16,91%	24,75%	14,87%	19,29%	16,13%	23,12%
[t-1, t+10]	16,69%	24,99%	12,99%	22,01%	15,29%	24,11%

Market Model

	Sweden		Norway		Scandinavia	
	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>	<i>Friendly</i>	<i>Hostile</i>
[t-10, t+10]	19,28%	29,21%	15,66%	15,42%	17,91%	25,10%
[t-5, t+5]	18,65%	26,91%	16,22%	19,86%	17,73%	24,81%
[t-3, t+3]	17,55%	26,08%	15,64%	20,38%	16,83%	24,38%
[t-1, t+1]	17,28%	22,94%	15,12%	16,39%	16,46%	20,99%
[t-1, t+3]	17,06%	25,18%	14,92%	18,18%	16,25%	23,10%
[t-1, t+10]	16,45%	25,67%	13,32%	19,39%	15,27%	23,80%
No. deals	132	33	81	14	213	47

Table 4.4 – Average CAR for hostile deals specified for each country and event window, calculated with both Market Model and Market Adjusted Return Model.

A higher CAR for hostile takeovers on the Scandinavian market is statistically significant for all the event windows, regardless of which method used to calculate the return, see table 4.5. Consequently, our hypothesis is confirmed, that hostile takeovers generate higher CAR than friendly takeovers on the Scandinavian market. However, the explanatory power, R^2 , varies around one to three per cent for all the event windows, which is relatively low. Further, the level of significance varies among the different event windows but is rather constant between the models. Event window [t-1, t+1] always show the lowest beta value which indicates that hostile takeovers, during these three days, over perform friendly takeovers less than during our other event windows. This can be explained due to the fact that this event window only includes one day after the announcement, meanwhile e.g. event window [t-1, t+10], which generates the highest beta value, includes ten days after the announcement. It can thus be determined that the more days that are included after the announcement, the higher return hostile takeovers generate compared to friendly takeovers. This will further be discussed and explained shortly after presenting table 4.5, where we display the friendly versus hostile regression on the Scandinavian market.

Market Adjusted Return Model

Event Window [t-10, t+10]		Event Window [t-5, t+5]		Event Window [t-3, t+3]				
Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat			
α	0,1792***	13,5062	α	0,1752***	14,5495	α	0,1649***	13,9694
β	0,0653**	2,0882	β	0,0734**	2,5869	β	0,0830***	2,9827
R^2	0,0166		R^2	0,0252		R^2	0,0332	
Event Window [t-1, t+1]		Event Window [t-1, t+3]		Event Window [t-1, t+10]				
Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat			
α	0,1617***	14,5471	α	0,1613***	13,8652	α	0,1529***	11,6425
β	0,0515*	1,9679	β	0,0699**	2,5492	β	0,0882***	2,8497
R^2	0,0147		R^2	0,0245		R^2	0,0304	

Market Model								
Event Window [t-10, t+10]		Event Window [t-5, t+5]		Event Window [t-3, t+3]				
Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat			
α	0,1791***	13,7026	α	0,1773***	14,8041	α	0,1683***	14,3248
β	0,0719**	2,3340	β	0,0708**	2,5084	β	0,0756***	2,7292
R^2	0,0206		R^2	0,0237		R^2	0,0280	
Event Window [t-1, t+1]		Event Window [t-1, t+3]		Event Window [t-1, t+10]				
Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat			
α	0,1646***	14,9213	α	0,1625***	13,8870	α	0,1527***	11,7396
β	0,0453*	1,7407	β	0,0684*	2,4818	β	0,0853***	2,7845
R^2	0,0116		R^2	0,0232		R^2	0,0291	

Table 4.5 – Regression result for the Scandinavian market, where α represent return in friendly takeovers and β represents the additional return for hostile takeovers.

Our results are in line with what previous studies have shown. For example, Franks and Mayer (1996) showed for the U.K market that hostile bids generated CAR of 30 per cent, meanwhile, friendly bids only generated 21,5 per cent. Moreover, Franks and Harris (1989) showed on the U.S. market CAR of 42 per cent for hostile bids and 28 per cent for friendly bids. However, our results are lower, which can be explained with the fact that we have used a shorter time period in our event windows. Franks and Mayer (1996) do not specify their event window, but Franks and Harris used an event window that ended one month after the announcement date. The fact that their event window is longer post the announcement implies that their measure take into account-revised bids, which our event windows do not. Holl and Kyriazis (1997) argue that when target management reject bids, the target share price increases since the negotiations that might follow may lead to a higher bid premium. Hence, a longer event window will capture more of the positive effects from increased bids, which may increase CAR to target shareholders and hence can explain Frank and Harris' higher percental results. Another explanation for the different market results can be that each market has its

own regulation settings for takeovers to work within. Sudarsanam and Mahate (2006) state that U.S firms, compared to transatlantic firms have more alternatives to choose from when fighting a hostile takeover bid. These defence options might result in an even more increased takeover bid, which can explain the higher result in US compared to UK and Scandinavia.

4.2.3. Hypothesis Three – Deal Successfulness

Our third hypothesis states that successful deals generate higher returns than friendly deals. It is noticeable that the results do not differ as much between our two models in table 4.6, which gives reliability to our results. Regarding deal successfulness, it can be viewed in figure 4.1 that hostile bids are more likely to be successful than unsuccessful on the Scandinavian market. This is rather unlike earlier studies which have reported that hostile bids have a higher probability of being unsuccessful (Franks, & Mayer, 1996; Dodd, & Ruback, 1977). More unsuccessful deals are also in line with management entrenchment theory, which states that target management are more resistant towards hostile deals due to their own personal incentives to stay within the firm. This is also supported by Manne (1965), who argue that hostile takeovers are the most powerful market mechanism for displacing bad managers. Our result is, however, inconsistent between the countries within Scandinavia. As mentioned, hostile bids are more likely to be completed in Sweden, meanwhile, they are more likely to be cancelled in Norway. Another explanation for the high percentage of completed hostile bids can be attributed to chosen payment method. As will later be concluded in hypothesis 4, cash as payment method generate higher CAR. Therefore, it is reasonable to believe that deals have higher chances of being accepted if cash is as payment method. Furthermore, 37 of 47 hostile bids in Scandinavia have cash as payment structure, which could, to some extent, explain the high percentage successful deals in our sample.

There is, however, a strong pattern in both models and all the event windows; that successful bids generate higher CAR than unsuccessful bids. This pattern supports our hypothesis, and is especially noticeable during $[t-10, t+10]$ and $[t-1, t+10]$ where the difference between successful and unsuccessful bids are approximately eight to nine per cent on the Scandinavian market.

Market Adjusted Return Model

	Sweden		Norway		Scandinavia	
	<i>Completed</i>	<i>Cancelled</i>	<i>Completed</i>	<i>Cancelled</i>	<i>Completed</i>	<i>Cancelled</i>
[t-10, t+10]	31,24%	21,94%	17,74%	15,67%	28,65%	19,25%
[t-5,t+5]	29,83%	20,53%	20,47%	21,43%	28,03%	20,92%
[t-3,t+3]	27,13%	22,75%	21,82%	23,71%	26,11%	23,16%
[t-1,t+1]	23,39%	21,62%	19,64%	17,04%	22,67%	19,66%
[t-1,t+3]	26,64%	21,44%	22,57%	17,46%	25,86%	19,74%
[t-1,t+10]	28,32%	19,17%	24,26%	20,76%	27,54%	19,85%

Market Model

	Sweden		Norway		Scandinavia	
	<i>Successful</i>	<i>Unsuccessful</i>	<i>Successful</i>	<i>Unsuccessful</i>	<i>Successful</i>	<i>Unsuccessful</i>
[t-10, t+10]	31,86%	24,56%	16,95%	14,57%	29,00%	20,28%
[t-5,t+5]	29,86%	21,76%	20,79%	19,34%	28,11%	20,72%
[t-3,t+3]	27,71%	23,24%	20,40%	20,36%	26,30%	22,01%
[t-1,t+1]	23,94%	21,18%	18,82%	15,04%	22,96%	18,54%
[t-1,t+3]	27,31%	21,46%	20,34%	16,99%	25,97%	19,54%
[t-1,t+10]	28,33%	21,01%	20,54%	18,76%	26,83%	20,05%
No. deals	21	12	5	9	26	21

Table 4.6 – Average CAR for completed and cancelled hostile bids on the Scandinavian market.

The result for hostile deals is not statistically significant as can be viewed in table 4.7. Consequently, it cannot be determined that deal successfulness are an explanatory factor to why hostile bids generate higher returns than friendly bids. This could have some of its explanation due to the size of our sample. The sample for the Scandinavian market only includes 26 successful and 21 unsuccessful deals, which may be a too small sample and may thus be the reason for our inconclusive regression results.

The results are however, in contrary to our hypothesis, statistically significant for friendly bids as well for the entire Scandinavian market. Level of significance differs however, depending on observed event window. Nevertheless, a common factor between friendly bids and the total Scandinavian market is that both models show significance at the 0.05 level during the event windows [t-10, t+10], and [t-1, t+10]. It is also these two event windows that generate the highest CAR, as mentioned before. The significance can be attributable to the fact that these two event windows have the longest post announcement period and the longer such period, the higher ability to predict the outcome of the bid. Also, according to the

shareholder interest theory, presented in 2.5.2, it would be reasonable to believe that a higher return in successful deals is correlated to management resistance. This can be explained since management resistant towards a bid may trigger higher premiums. Moreover, if the bid is contested, it may further lead to misvaluation by bidders and thus winners curse. Consequently, a longer post announcement period gives the target more time to exploit different defence mechanisms. Even though our study does not incorporate any revised bids in our event windows, management resistance may have occurred within, thus signalling in line with shareholder interest theory future higher returns. Consequently, even though our event windows, [t-10, t+10] and [t-1, t+10], does not incorporate any revised bids they are affected by target defence mechanisms within, which may trigger higher target returns in our event windows and finally also affect the successfulness of the deal.

Our result implies that while it is initially hard to predict if a bid will be completed or cancelled, the ability increases over time. Our results further implies that a successful outcome is the most preferred outcome, which is in line with Dodd (1980) and Georgen and Renneboog (2003) who states that a cancelled deal over time will affect a share price negatively.

		Hostile		Friendly		Total	
		<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
MARM							
	[t-10, t+10]	0,0999	1,6688	0,0994 **	2,0957	0,0808 **	2,3412
	[t-5, t+5]	0,0911	1,5480	0,0485	1,1258	0,0409	1,2857
<i>Successfulness</i>	[t-3, t+3]	0,0393	0,6964	0,0611	1,3888	0,0236	0,7421
	[t-1, t+1]	0,0185	0,3755	0,0660	1,5769	0,0333	1,1182
	[t-1, t+3]	0,0572	1,1059	0,0801 *	1,8399	0,0503	1,6274
	[t-1, t+10]	0,0804	1,4212	0,1236 **	2,5327	0,0708 **	2,0359
MM							
	[t-10, t+10]	0,0890	1,5310	0,0922 *	1,9341	0,0851 **	2,3627
	[t-5, t+5]	0,0901	1,5437	0,0540	1,2478	0,0601	1,8001
<i>Successfulness</i>	[t-3, t+3]	0,0552	0,9970	0,0668	1,5290	0,0538	1,6163
	[t-1, t+1]	0,0381	0,7975	0,0673	1,6131	0,0529 *	1,7057
	[t-1, t+3]	0,0694	1,2965	0,0840 *	1,9349	0,0727 **	2,2136
	[t-1, t+10]	0,0737	1,3054	0,1184 **	2,4515	0,0927 **	2,5592

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.7 – Regression result on the Scandinavian market depending on the successfulness variable, sorted by friendly and hostile bids. Retrieved from appendix 5 and 6.

Previous studies such as Dodd and Ruback (1977) reported average CAR of 20,89 per cent for successful hostile bids and 18,96 per cent for unsuccessful bids. Moreover Franks and Mayer

(1996) reported average CAR of 29,76 per cent for successful hostile bids and 21,50 per cent for unsuccessful bids. As seen previously in table 4.6, our result is more similar to Franks and Mayer's. However, both previous studies have used the event window $[t, t+30]$, which gives the market a longer post announcement time period to correct for cancelled bids compared to our event windows. Consequently, and with regards to Dodd's (1990) conclusion that cancelled deals over time will result in lower returns, our results will in a longer event window probably be more similar to Dodd and Ruback's result.

Concluded from table 4.8 is that unsuccessful hostile takeovers in general have higher CAR than successful friendly takeovers. The stock reaction usually depends on what the market anticipates of the takeover attempt. We have in figure 4.3 concluded that hostiles are less completed compared to friendly. Hence, the probability of a successful outcome is lower for hostile attempts compared to friendly ones. Further, as depict in table 4.8, CAR is most equal for successful friendly and unsuccessful hostile in event window $[t-10, t+10]$, which may indicate that the market adjust for the probability over time. On the contrary, event window $[t-1, t+10]$, which is one of the event windows that takes into consideration the time after the announcement date the most, has one of the most widen spreads in results. Why unsuccessful hostiles generates higher CAR than successful friendly could be that the market calculate the probability of a hostile incorrect or that the bid premium on average is sizable larger, which leads to higher market reaction even though the probability of become successful is lower.

Market Adjusted Return Model						
	Successful Friendly			Unsuccessful Hostile		
	<i>Sweden</i>	<i>Norway</i>	<i>Scandinavia</i>	<i>Sweden</i>	<i>Norway</i>	<i>Scandinavia</i>
[t-10, t+10]	20,34%	15,43%	18,58%	21,94%	15,67%	19,25%
[t-5,t+5]	19,11%	15,58%	17,85%	20,53%	21,43%	20,92%
[t-3,t+3]	17,60%	15,73%	16,93%	22,75%	23,71%	23,16%
[t-1,t+1]	17,63%	14,81%	16,62%	21,62%	17,04%	19,66%
[t-1,t+3]	17,45%	15,39%	16,71%	21,44%	17,46%	19,74%
[t-1,t+10]	17,55%	13,77%	16,19%	19,17%	20,76%	19,85%

Market Model						
	Successful Friendly			Unsuccessful Hostile		
	<i>Sweden</i>	<i>Norway</i>	<i>Scandinavia</i>	<i>Sweden</i>	<i>Norway</i>	<i>Scandinavia</i>
[t-10, t+10]	19,80%	16,29%	18,54%	24,56%	14,57%	20,28%
[t-5,t+5]	19,09%	16,35%	18,11%	21,76%	19,34%	20,72%
[t-3,t+3]	17,96%	16,15%	17,31%	23,24%	20,36%	22,01%
[t-1,t+1]	17,66%	15,64%	16,93%	21,18%	15,04%	18,54%
[t-1,t+3]	17,55%	15,63%	16,86%	21,46%	16,99%	19,54%
[t-1,t+10]	17,19%	14,29%	16,15%	21,01%	18,76%	20,05%

No. deals	127	71	198	12	9	21
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Table 4.8 – Successful friendly takeovers attempts relative to unsuccessful hostile ones.

4.2.4. Hypothesis Four – Deal Relatedness

Our fourth hypothesis states that unrelated deals generate higher returns than related deals. Conglomerate and financial deals are classified as unrelated, whilst horizontal and vertical deals are classified as related.

As can be seen in table 4.9, related deals are more common than unrelated deals on the Scandinavian market. The differences between the two models are relatively small, which increases the reliability of our results. Regardless of which model used, the average CAR for the event windows [t-10, t+10], [t-1, t+1], [t-1, t+3] and [t-1, t+10] is higher for unrelated deals, meanwhile, the event windows [t-5, t+5] and [t-3, t+3] generate higher average CAR for related deals. However, the average return depending on firm relatedness is inconclusive for the Scandinavian market. This inconclusiveness is attributable to the two different countries; unrelated deals generate higher return for the Swedish market, meanwhile related deals generate higher returns on the Norwegian market.

Market Adjusted Return Model						
	Sweden		Norway		Scandinavia	
	<i>Unrelated</i>	<i>Related</i>	<i>Unrelated</i>	<i>Related</i>	<i>Unrelated</i>	<i>Related</i>
[t-10, t+10]	32,51%	25,20%	6,53%	21,90%	24,87%	24,21%
[t-5, t+5]	27,41%	25,90%	10,04%	27,22%	22,30%	26,30%
[t-3, t+3]	28,45%	23,87%	11,70%	29,33%	23,52%	25,51%
[t-1, t+1]	28,87%	19,25%	11,09%	21,79%	23,64%	20,01%
[t-1, t+3]	29,60%	21,98%	13,52%	22,49%	24,87%	22,14%
[t-1, t+10]	28,32%	23,10%	14,91%	25,96%	24,37%	23,95%

Market Model						
	Sweden		Norway		Scandinavia	
	<i>Unrelated</i>	<i>Related</i>	<i>Unrelated</i>	<i>Related</i>	<i>Unrelated</i>	<i>Related</i>
[t-10, t+10]	34,79%	26,02%	6,90%	20,16%	26,59%	24,26%
[t-5, t+5]	28,63%	25,93%	10,80%	24,89%	23,38%	25,62%
[t-3, t+3]	28,50%	24,70%	10,93%	25,63%	23,33%	24,98%
[t-1, t+1]	28,07%	20,01%	10,30%	19,77%	22,84%	19,94%
[t-1, t+3]	28,51%	23,28%	11,57%	21,86%	23,53%	22,85%
[t-1, t+10]	29,02%	23,76%	11,69%	23,67%	23,92%	23,73%

No. deals	12	21	5	9	17	30
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Table 4.9 – Average CAR for related and unrelated hostile deals on the Scandinavian market.

However, the results for hostile bids are neither statistically significant for the Scandinavian market, nor are they significant for the Swedish or the Norwegian market (Appendix 13). Consequently, it cannot be determined that deal relatedness are an explanatory factor to why hostile bids generate higher returns than friendly bids. As can be seen in table 4.10, our result on the Scandinavian market indicate the opposite of our hypothesis; that related deals generate higher returns than unrelated deals, for both friendly and hostile bids. As discussed previous in section 2.3.2, these results are in line with operational synergies rather than financial synergies.

		Hostile		Friendly		Total			
		<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>		
MARM									
		[t-10, t+10]	-0,0618	-0,7939	0,0086	0,2987	-0,0228	-0,8663	
		[t-5, t+5]	-0,1061	-1,3884	0,0051	0,1951	-0,0226	-0,9291	
	<i>Relatedness</i>		[t-3, t+3]	-0,0793	-1,0822	-0,0033	-0,1246	-0,0223	-0,9181
			[t-1, t+1]	-0,0010	-0,0161	0,0000	-0,0002	-0,0127	-0,5591
			[t-1, t+3]	-0,0359	-0,5347	-0,0149	-0,5639	-0,0249	-1,0533
		[t-1, t+10]	-0,0808	-1,1002	-0,0114	-0,3853	-0,0315	-1,1863	
<hr/>									
MM									
		[t-10, t+10]	-0,0518	-0,6858	-0,0066	-0,2284	-0,0106	-0,3957	
		[t-5, t+5]	-0,0999	-1,3171	-0,0045	-0,1693	-0,0146	-0,5871	
<i>Relatedness</i>		[t-3, t+3]	-0,0917	-1,2746	-0,0058	-0,2194	-0,0152	-0,6128	
		[t-1, t+1]	-0,0163	-0,2623	-0,0095	-0,3756	-0,0094	-0,4078	
		[t-1, t+3]	-0,0622	-0,8936	-0,0136	-0,5156	-0,0177	-0,7209	
		[t-1, t+10]	-0,0850	-1,1594	-0,0126	-0,4297	-0,0204	-0,7558	

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.10 – Regression result for the Scandinavian market depending on firm relatedness, sorted by friendly and hostile bids. Retrieved from appendix 5 and 6.

Previous research seems to be rather inconsistent regarding the question of relatedness. Shelton (2000) argued that related deals generated higher returns than unrelated deals, but found no relationship. Moreover, Holl (1997) also argued in favour of related deals, but his result indicated the opposite on the U.K market. We, on the other hand, argue in line with that opposite, but our result tend to benefit Holl's original hypotheses, that related deals generate higher return than unrelated deals.

The inconsistent result of previous research is in itself interesting and can partially be explained by Morck. (1988). They show that the bidding firm's argument for the takeover should determine if the acquisition should be friendly or hostile. They argue that there are two types of takeovers; disciplinary and synergistic. Disciplinary takeovers are, as discussed in section 2.3.2, designed to change and increase the efficiency of the target firm's management. The actual integration between the two companies is therefore in this case rather unimportant. In synergistic takeovers however, the primary goal is to make the integration as efficient as possible to gain the highest possible synergy. Morck et al. (1988) then states that disciplinary takeovers often are hostile meanwhile synergistic takeovers often are friendly. If this were to be true, it could partially explain the insignificance in our result since disciplinary takeovers in general can be both related and unrelated and as a result, firm relatedness could not explain the difference between friendly and hostile bids.

4.2.5. Hypothesis Five – Payment Method

Our fifth hypothesis states that deals with only cash as payment method generate higher return to target shareholders than equity deals or hybrid deals. The average return, depending on payment method, is inconclusive for the Scandinavian market. The overall picture using MARM is that cash bids generate higher return than non-cash bids; however, using MM, the results are mixed. The payment method that generates the highest return varies, which is interesting since our results, again, seems to be attributable to the two different countries. Meanwhile, cash deals generate higher return on the Swedish market; non-cash deals generate higher return on the Norwegian market. It could further be argued that cash deals generate higher returns in Sweden than in Norway, whilst non-cash deals generate higher returns in Norway than in Sweden. However, it may be misleading to compare non-cash deal for the Norwegian market since there only is one non-cash deal in our Norwegian sample.

Market Adjusted Return Model						
	Sweden		Norway		Scandinavia	
	<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>
[t-10, t+10]	30,55%	20,69%	15,57%	27,28%	25,29%	21,35%
[t-5, t+5]	26,14%	27,27%	20,62%	27,20%	24,20%	27,26%
[t-3, t+3]	26,58%	22,76%	22,56%	29,15%	25,17%	23,40%
[t-1, t+1]	25,27%	16,02%	17,69%	21,59%	22,61%	16,57%
[t-1, t+3]	26,29%	20,65%	19,01%	22,97%	23,73%	20,88%
[t-1, t+10]	26,62%	20,65%	21,87%	23,80%	24,95%	20,97%

Market Model						
	Sweden		Norway		Scandinavia	
	<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>
[t-10, t+10]	32,07%	21,57%	15,00%	20,88%	26,08%	21,50%
[t-5, t+5]	26,81%	27,18%	19,52%	24,23%	24,25%	26,89%
[t-3, t+3]	26,13%	25,94%	20,13%	23,67%	24,02%	25,71%
[t-1, t+1]	24,77%	18,06%	16,01%	21,25%	21,69%	18,38%
[t-1, t+3]	25,51%	24,30%	17,93%	21,47%	22,85%	24,02%
[t-1, t+10]	26,76%	22,76%	19,18%	22,18%	24,10%	22,70%

No. deals	24	9	13	1	37	10
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Table 4.11 - Average CAR for cash versus non-cash takeovers in hostile bids.

If instead analysing the entire sample, both friendly and hostile bids on the Scandinavian market, seen in table 4.12, it is possible to conclude that cash offers have higher CAR than non-cash offers – which supports our hypothesis.

	Cash		Non-cash	
	<i>MARM</i>	<i>MM</i>	<i>MARM</i>	<i>MM</i>
[t-10, t+10]	20,83%	21,14%	14,37%	13,94%
[t-5, t+5]	20,30%	20,44%	14,83%	15,09%
[t-3, t+3]	19,47%	19,47%	13,94%	14,68%
[t-1, t+1]	18,41%	18,60%	13,51%	13,67%
[t-1, t+3]	18,90%	18,85%	13,29%	13,75%
[t-1, t+10]	18,82%	18,78%	11,58%	11,40%
No deal.	191	191	70	70

Table 4.12 – Average CAR for cash versus non-cash offers in the entire Scandinavian sample.

As further can be seen in table 4.13, the general picture show that it is statistically significant, for the Scandinavian market, that cash as payment method generate higher return to target shareholders – thus our hypothesis is confirmed. This could be determined due to the fact that friendly takeovers in Scandinavia, as well as the whole Scandinavian market, have significance for almost all event windows. However, the results are not statistical significant for all the event windows with the MM model, nor are they significant for hostile bids in specific. Thus, payment method cannot be said to be an explanatory variable for the fact that hostile takeovers generate higher CAR than friendly takeovers. Instead, it could be concluded that payment method is an explanatory factor to why friendly bids, as well as the whole sample, generate positive abnormal return to target shareholders. One possible reason to why it is significant for the whole sample, as well as for friendly bids, is that our sample of 47 hostile deals might be too small to perform a reliable regression.

		Hostile		Friendly		Total	
		<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
MARM							
	[t-10, t+10]	0,0437	0,5649	0,0407	1,3643	0,0562 **	1,9766
	[t-5, t+5]	-0,0086	-0,1138	0,0505 *	1,8632	0,0517 **	1,9743
<i>Payment Method</i>	[t-3, t+3]	0,0437	0,5993	0,0472 *	1,7081	0,0571 **	2,1815
	[t-1, t+1]	0,0541	0,8488	0,0314	1,1928	0,0470 *	1,9189
	[t-1, t+3]	0,0281	0,4198	0,0500 *	1,8264	0,0576 **	2,2654
	[t-1, t+10]	0,0523	0,7164	0,0611 **	1,9910	0,0752 ***	2,6295
MM							
	[t-10, t+10]	0,0507	0,6752	0,0560 *	1,8695	0,0545 *	1,9627
	[t-5, t+5]	-0,0050	-0,0669	0,0529 *	1,9431	0,0424	1,6450
<i>Payment Method</i>	[t-3, t+3]	0,0103	0,1444	0,0462 *	1,6817	0,0398	1,5506
	[t-1, t+1]	0,0298	0,4835	0,0414	1,5784	0,0399 *	1,6640
	[t-1, t+3]	-0,0029	-0,0420	0,0506 *	1,8550	0,0420 *	1,6572
	[t-1, t+10]	0,0310	0,4253	0,0688 **	2,2663	0,0628 **	2,2448

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.13 – Scandinavian result for payment method with both MARM and MM, for friendly and hostile takeovers. Retrieved from Appendix 5 and 6.

As previous displayed in table 4.11, cash offers are more common than non-cash offers for hostile bids. Cash offers represent 79 per cent of all hostile takeovers compared to 72 per cent of all the friendly, which can be seen in table 4.4 and 4.5. Why cash offers are more used than other payment structures, such as equity swaps, can be explain by four different theories. The first theory is the pecking order theory of Myers and Majluf (1984). This theory states that a firm should use cash since it is the cheapest form of financing followed by debt and then equity. Secondly, choice of cash may also be explained by the trade-off theory of Myers (2001), which explains that management choose to finance investments depending on their own capital structure. If a firm is highly leveraged, management rather choose equity than debt, since it decreases its costs of financial distress. The trade-off involved is to decrease the financial distress costs through decreased tax-deductible interest expenses. Consequently, highly leveraged firms rather use equity than cash to pay for M&A. Thirdly, it has also been argued that it is easier to pay with cash, than with voting rights and ownership in your firm, which is in line with Jensen's free cash flow hypothesis (Jensen 1986). The hypothesis implies that management with high free cash flow rather invest in negative net present value projects, than pay out dividends to shareholders (Jensen, 1986). Jensen argues that this principal-agent problem is positive correlated to increased cash flow. Jensen's free cash flow thus implies that management with large cash flows may engage in empire buildings and

consequently overpay for target firms. The last theory to explain why cash is more used payment method is explained by the signalling hypothesis of Yook (2003). He argues that the choice of equity signals to the market that the bidders' own stock is overvalued. Yook argue that the signalling hypothesis recognises a mismatch of information, asymmetric information, between the acquirer's managers and shareholders. However, in contradiction to these four theories preferring cash as payment, it can also be argued that an equity offer gives target management more incentives to make the acquisition as successful as possible. Servaes (1991) tested to what extent payment method has on the acquirer's return. He found in his research that cash offers increase bidder abnormal return by 11 per cent compared to other payment methods. Since we have not examined the abnormal return for the bidder, we cannot draw any conclusions if this holds for our sample. However, it is interesting that both the bidder and target can earn higher abnormal return from cash offers compared to other payment methods.

Moreover, no study as we know of, has tested the payment method variable to try to explain why hostile takeovers over perform friendly takeovers. However, our results for the entire market is lower compared to Servaes (1991), who on the American market, statistically determined that cash triggered 27 per cent return meanwhile non-cash deals generated 20 per cent. The reason to why Servaes' results are higher can be since American hostile deals generate higher return than Scandinavian due to different regulations, as discussed in hypothesis two. Our results are however more in line with Georger and Renneboog (2003) who, on the European market, proved that cash offers triggered target shareholder return of 20 per cent versus 14 per cent and 12,5 per cent for equity bids and hybrid offers, respectively.

4.2.6. Hypothesis Six – Boom or Bust Period

Our sixth hypothesis is that deals made during bust periods generate higher returns to target shareholders than deals made during boom periods. As previous displayed in figure 4.6, it is more common that a hostile bid is conducted during a bust period than during a boom period on the Scandinavian market. 60 per cent of the hostile bids are conducted during a bust period compared to 39 per cent of the friendly bids. Table 4.14 display the average return to target shareholders for hostile bids on the Norwegian, Swedish and the Scandinavian market. Except for event window $[t-3, t+3]$ in Norway for the MARM model, the table further shows that the average return is higher, for all the markets, during bust periods than during boom periods – which are in line with our hypothesis.

Market Adjusted Return Model

	Sweden		Norway		Scandinavia	
	<i>Boom</i>	<i>Bust</i>	<i>Boom</i>	<i>Bust</i>	<i>Boom</i>	<i>Bust</i>
[t-10, t+10]	25,84%	29,66%	12,05%	19,54%	21,48%	26,46%
[t-5, t+5]	20,84%	29,92%	18,78%	23,11%	20,19%	28,02%
[t-3, t+3]	21,85%	28,77%	24,01%	22,46%	22,53%	26,32%
[t-1, t+1]	19,98%	25,08%	16,93%	17,36%	19,01%	22,89%
[t-1, t+3]	19,95%	28,83%	16,54%	19,86%	18,87%	26,01%
[t-1, t+10]	20,47%	28,73%	14,89%	24,16%	18,71%	27,77%

Market Model

	Sweden		Norway		Scandinavia	
	<i>Boom</i>	<i>Bust</i>	<i>Boom</i>	<i>Bust</i>	<i>Boom</i>	<i>Bust</i>
[t-10, t+10]	28,51%	29,17%	9,93%	19,68%	22,64%	26,77%
[t-5, t+5]	22,29%	30,10%	15,53%	22,82%	20,15%	27,97%
[t-3, t+3]	21,94%	27,93%	17,60%	22,30%	20,57%	26,97%
[t-1, t+1]	19,64%	24,55%	15,09%	18,74%	18,20%	22,88%
[t-1, t+3]	19,57%	27,88%	15,95%	21,35%	18,43%	26,27%
[t-1, t+10]	20,96%	27,93%	13,04%	27,35%	18,46%	27,42%
No. deals	13	20	6	8	19	28

Table 4.14 – Average CAR for hostile during boom and bust periods.

The fact that M&A during bust periods generate higher return to target shareholders than during boom periods is statistically significant for friendly bids, as well as for the entire Scandinavian sample – thus proving our hypothesis. However, as can be seen in table 4.15, this variable are not attributable to hostile bids and can therefore not explain why hostile bids generate higher returns than friendly bids. Once again, the reason why it is significant for friendly bids and the entire sample, but not for hostile bids, can be that it is hard to reach a significant result with a sample of only 47 hostile deals.

MARM		Hostile		Friendly		Total	
		<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
<i>Boom/Bust</i>	[t-10, t+10]	0,0458	0,7715	0,0990 ***	3,8998	0,0893 ***	3,8079
	[t-5, t+5]	0,0891	1,5281	0,0784 ***	3,3963	0,0797 ***	3,6871
	[t-3, t+3]	0,0427	0,7644	0,0585 **	2,4827	0,0563 ***	2,6067
	[t-1, t+1]	0,0304	0,6218	0,0637 ***	2,8442	0,0587 ***	2,9046
	[t-1, t+3]	0,0651	1,2686	0,0639 ***	2,7407	0,0655 ***	3,1212
	[t-1, t+10]	0,0908	1,6196	0,0702 ***	2,6870	0,0750 ***	3,1742
<hr/>							
MM							
<i>Boom/Bust</i>	[t-10, t+10]	0,0321	0,5576	0,0807 ***	3,1603	0,0730 ***	3,1502
	[t-5, t+5]	0,0836	1,4457	0,0726 ***	3,1328	0,0736 ***	3,4234
	[t-3, t+3]	0,0681	1,2411	0,0553 **	2,3643	0,0564 ***	2,6335
	[t-1, t+1]	0,0395	0,8351	0,0626 ***	2,8017	0,0591 ***	2,9604
	[t-1, t+3]	0,0770	1,4512	0,0596 **	2,5624	0,0623 ***	2,9502
	[t-1, t+10]	0,0900	1,6096	0,0624 **	2,4148	0,0659 ***	2,8283

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.15 – Scandinavian result for boom and bust period with both MARM and MM, for friendly and hostile takeovers. Retrieved from Appendix 5 and 6.

As presented in section 2.3.5, market value to the replacement cost of assets should be lower during bust periods. The proportion of market value to the replacement cost of assets is what scholars define as Tobin's q-ratio (Chung, & Pruitt, 1994). Lang, Stulz and Walking (1989) discovered that targets with low Tobin's q benefits more from takeovers than targets with high Tobin's q. Servaes (1991) argue that the most value creating M&A, for both parties, occurs when the acquiring firm has a high q-ratio and the target company has a low q-ratio. The opposite scenario, where a target firm has high q-ratio and acquiring firm has low q-ratio, explains the worst scenario where the chances of value destruction are the highest. Moreover, during bust periods, the stock market may be undervalued, hence increased possibilities for higher premiums and higher target shareholder return. Even so, target board might be aware of their company's undervaluation and thus resist the bid, which may lead to an increased bid premium. The Tobin's q-ratio may thus be an explanation to why Scandinavian M&A generate higher returns to target shareholder during bust compared to boom periods. Even though it is not statistical significant, this further indicates why hostile bids outperform friendly bids, since 60 per cent of the hostile bids are conducted during a bust period compared to 39 per cent of the friendly bids.

Our result that M&A during bust periods generate higher return to target shareholders than during boom periods contradict Jensen's free cash flow hypothesis as well the hubris hypothesis of Roll (1986). It further contradicts the study made by Shelton (2000) which concluded that bidder gains fall during peaks, suggesting that bidders have greater tendencies to overpay for targets during merger peaks. Our result is more in line with Georger and Renneboog (2003) who applied a kind of boom versus bust variable in their study. However, they found that M&A generated around 14 per cent during bust periods and 11 per cent during boom periods, for event window $[t-2, t+2]$ on the European market. The fact that our results are higher may result from a larger frequency of hostile takeovers in our sample and the fact that 60 per cent of our hostile takeovers were made during bust periods.

4.2.7. Hypothesis Seven – Country of Acquirer

Our seventh and last hypothesis states that cross-border deals generate higher return to target shareholders than domestic deals. According to table 4.16, Scandinavian target shareholders receive higher returns for domestic hostile takeovers than for cross-border hostile takeovers. This is due to the fact that Swedish hostiles is more represented in the aggregated Scandinavian sample and since domestic hostiles generates higher return than cross-border in Sweden, the same pattern can be viewed for Scandinavia. In Norway on the other hand, the results are inverse. In average, Norwegian hostile acquisitions generate much higher return than domestic hostiles.

Moreover, in appendix 14, we can note that Swedish hostile cross-border acquisitions significantly underperform domestic acquisitions for event window $[t-3, t+3]$ and $[t-1, t+1]$. However, there are no significance for the Norwegian market and consequently not for the entire Scandinavian market.

Market Adjusted Return Model

	Sweden		Norway		Scandinavia	
	<i>Domestic</i>	<i>Cross</i>	<i>Domestic</i>	<i>Cross</i>	<i>Domestic</i>	<i>Cross</i>
[t-10, t+10]	29,83%	23,32%	9,54%	25,57%	24,60%	24,16%
[t-5, t+5]	28,88%	20,85%	14,20%	30,27%	25,10%	24,38%
[t-3, t+3]	29,06%	17,43%	14,95%	33,81%	25,42%	23,57%
[t-1, t+1]	25,38%	16,69%	11,63%	26,41%	21,83%	20,34%
[t-1, t+3]	28,19%	16,84%	13,43%	27,10%	24,38%	20,69%
[t-1, t+10]	27,86%	18,39%	15,85%	30,22%	24,76%	22,83%

Market Model

	Sweden		Norway		Scandinavia	
	<i>Domestic</i>	<i>Cross</i>	<i>Domestic</i>	<i>Cross</i>	<i>Domestic</i>	<i>Cross</i>
[t-10, t+10]	32,29%	22,13%	8,69%	24,40%	26,20%	22,98%
[t-5, t+5]	30,10%	19,58%	14,34%	27,21%	26,03%	22,44%
[t-3, t+3]	30,25%	16,48%	14,46%	28,27%	26,18%	20,90%
[t-1, t+1]	25,77%	16,42%	10,94%	23,65%	21,95%	19,13%
[t-1, t+3]	29,21%	15,92%	11,95%	26,49%	24,76%	19,88%
[t-1, t+10]	29,30%	17,32%	13,73%	26,94%	25,28%	20,93%
No. deals	23	10	8	6	31	16

Table 4.16 – Average hostile CAR for Domestic and Cross-border acquisitions for Sweden, Norway and Scandinavia.

The result we have found, compiled in table 4.16, moreover indicate that friendly cross-border acquisitions in Scandinavia generate significant higher returns than domestic acquisitions during all six event windows. Our argument presented in section 2.7, that cross-border acquisitions could generate higher CAR than domestic acquisitions due to cultural differences and diversification synergies consequently hold for friendly bids.

Further, our result implies that for hostile acquisitions, domestic bids generate higher return than cross-border bids. This is statistically significant for two event windows on the Swedish market, however, not for the Scandinavian market. Thus, we can conclude that the country of the acquirer cannot be viewed an explanatory variable to why hostile bids outperform friendly bids on the Scandinavian market. It is instead an explanatory variable to why friendly cross border bids outperform friendly domestic bids.

MARM		Hostile		Friendly		Total	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0193	0,5649	0,1051 ***	3,9342	0,0345	1,3836
	[t-5, t+5]	-0,0346	-0,5117	0,0691 ***	2,8444	0,0217	0,9443
	[t-3, t+3]	-0,0467	-0,7198	0,0476 *	1,9186	0,0092	0,4014
	[t-1, t+1]	-0,0116	-0,2042	0,0553 **	2,3480	0,0076	0,3522
	[t-1, t+3]	-0,0402	-0,6752	0,0447 *	1,8221	0,0048	0,2134
	[t-1, t+10]	-0,0384	-0,5892	0,0537 *	1,9538	0,0016	0,0628
<hr/>							
MM							
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0458	-0,6847	0,0886 ***	3,2962	0,0687 ***	2,7748
	[t-5, t+5]	-0,0617	-0,9178	0,0591 **	2,4236	0,0432 *	1,8811
	[t-3, t+3]	-0,0804	-1,2614	0,0442 *	1,7951	0,0266	1,1612
	[t-1, t+1]	-0,0279	-0,5072	0,0458 *	1,9466	0,0339	1,5858
	[t-1, t+3]	-0,0600	-0,9741	0,0464 *	1,8983	0,0305	1,3483
	[t-1, t+10]	-0,0643	-0,9893	0,0528 *	1,9415	0,0353	1,4174

* p < 0,10, ** p < 0,05, *** p < 0,01

Table 4.17 - Regression result on the Scandinavian market depending on the country of acquirer, sorted by friendly and hostile bids. Retrieved from appendix 5 and 6.

We argue that an explanation to why foreign acquisitions may be seen as an explanatory variable only for friendly bids, can be that hostile bids require a higher premium to start with and that the acquirer cannot motivate an even higher premium. While a friendly bid can increase its premium to motivate target management and make the transaction as smooth as possible, a hostile bid may not. Consequently, the premium in hostile acquisitions for cross-border and domestic bids initially remain the same. However, since the cross-border premium also must consider possible barriers, such as political and cultural differences that have to be overcome (Conn et al., 2003), the premium paid to target may end up at a lower level compared to if the bid would have been domestic. Our results are in line with Danbolt (2004), who found on the U.K market that cross-border acquisitions generated higher return than domestic acquisitions, although he could not find statistically significance.

As we know of, there has not been any previous study regarding the dilemma if higher premiums for hostile takeovers can be explained by whether the bid is foreign or domestic.

5. CONCLUDING REMARKS

In this last chapter we will first present the conclusions drawn from our results and analyses, and then we will finally present some suggestions for further research.

5.1. Conclusion

The main purpose of this thesis has been to analyse if there are any significant differences in target shareholder return between friendly and hostile takeovers bids on the Scandinavian market. We also intended to investigate the differences between hostile and friendly bid characteristics, and determine to what extent these differences could be explained by our chosen variables. Our sample consisted of Scandinavian transactions, covering the years between 2000 and 2010. Furthermore, since Swedish and Norwegian transactions represented 94 per cent of all hostile takeovers in Scandinavia, we only included these two countries in our sample.

First of all, our null hypotheses significantly proved that M&A create positive abnormal return to target shareholders around the announcement day. We have proven positive abnormal returns of around 18 per cent, for all of our six short-term event windows. Secondly, we have found that hostile takeovers generate significantly higher returns than friendly takeovers on the Scandinavian market. Hostile takeover generate average abnormal returns of 21 to 25 per cent depending on which event window to analyse. During the same interval for friendly bids the return is 15 to 18 per cent. However, we have not been able to statistically proven why hostile takeovers outperform friendly takeovers, although we have found two indications of patterns.

The first pattern to why hostile takeovers over perform friendly takeovers can be found in our payment method variable. We have shown indications that cash offers generate higher return than non-cash offers. At the same time, we have concluded that hostile deals are more often than friendly deals made with cash as payment method. Consequently, a reason that may indicate why hostile takeovers over perform friendly takeovers is that cash as payment method is more common in hostile takeovers, since cash in general over perform other types of payment methods. The second pattern is related to whether or not the bid was made during a boom or bust period. We have concluded that due to Tobin's q-ratio and an under valued stock market, there is a wider room for higher premiums during bust periods. We have also concluded that hostile deals are more often made during these bust periods than friendly deals.

Consequently, even though it is not statistically significant, the time horizon of the deal indicates to explain why hostile bids generate higher return than friendly bids.

Our results also indicate, however not statistical significant, that successful deals generate higher returns than unsuccessful deals. Further, our results show that the return is higher the more days after the announcement day that is included in the event window. Thus, it can be concluded that the market's ability to foresee whether or not a bid would be successful improves over time. However, our event windows are relatively short and consequently, the successfulness of a deal cannot explain why hostile bids generate higher return than friendly bids. We have also concluded that the reason to why hostile takeovers over perform friendly takeovers cannot be attributable to deal relatedness or the country of acquirer. Further, deal relatedness varies between the Scandinavian countries. In Norway, related deals generate higher return than unrelated deals meanwhile the situation is reverse in Sweden. This dilemma is also attributable to the country of acquirer; meanwhile cross-border acquisitions generate higher returns than domestic acquisitions in Norway, the situation is reverse in Sweden. This inconclusiveness consequently affects our results on the Scandinavian market and may explain why there are no significant results for these variables.

We have throughout this thesis contributed to new results regarding hostile takeovers on the Scandinavian market. First, we have statistically determined that M&A on the Scandinavian market create positive abnormal returns to target shareholders. We have moreover statistically proven that hostile deals generate higher returns than friendly deals. Both of our results are in line with previous research on the U.S, U.K as well as the entire European market. Our variables used to investigate the difference between hostile and friendly takeovers are initially variables used by scholars to explain positive target return. Thus, our variables are not new, but used in a different setting than before. However, regardless that we have not been able to statistically prove why hostile takeovers outperform friendly takeovers, we have contributed to new research for target shareholder return in hostile takeovers for the Scandinavian market.

5.2. Suggestions for Further Research

During the process of our theses we have encountered an abundance of interesting areas for potential further research.

Firstly, our sample of 47 hostile takeovers in Scandinavia is a rather small sample and therefore more affected by abnormal sizes of deal premiums in our sample. Consequently, we think it would have been interesting to repeat our study on the European market in order to get a bigger sample of hostile deals.

Secondly, it would be interesting to investigate if hostile takeovers generate higher abnormal returns to target shareholder with regard to other variables, or more specific, those variables mentioned in section 1.4 – demarcations.

Thirdly, we removed several extreme values in our sample due to different and previous explained reasons. It would therefore be interesting to conduct a study based solely on extreme values, to investigate how they differ from “ordinary” deals and to conclude why such an extreme premium is motivated.

Forthly, it would be interesting to include a longer event window to see if M&A generate positive abnormal return to target shareholders over time. Moreover, it would also be interesting to include an event window stretching from day $t+1$ until the deal either is completed or cancelled. Since the “common investor” may not be able to invest during the announcement day, this event window would reveal whether or not it is still profitable to invest starting the day after the announcement.

Finally, it would be interesting to conclude what role target defence mechanisms play in hostile takeovers. More specifically, to investigate if different defence tactics trigger different returns and at the same time to determine which one that is the most effective.

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APPENDICES

Appendix 1 – Swedish hostile takeover attempts, 2000-2010.

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0,Bust=1
2000-02-01	Fastighets AB Balder	Drott AB (Fabega AB)	Complete	Domestic	Cash	Horizontal	0
2000-05-08	Folkebolagen AB	Lindab AB	Complete	Domestic	Cash	Vertical	0
2001-04-06	Platzer Bygg AB	Tornet Fastigheter AB	Cancelled	Domestic	Equity Swap	Vertical	1
2001-05-14	Lindab AB	Lindab Intressenter AB (Ratos, Skandia, 6e AP, et. al.)	Complete	Domestic	Cash	Financial	1
2002-01-29	Munksjö AB	Smurfit Holdings AB	Cancelled	United States	Cash	Horizontal	0
2002-07-05	Sapa AB	Elkem ASA	Complete	Norway	Cash	Horizontal	1
2002-08-29	JP Nordiska AB	Kaupthing Banki HF	Complete	Iceland	Cash	Horizontal	1
2003-01-21	Allgon AB	LGP Telecom Holding AB	Complete	Domestic	Equity Swap	Horizontal	1
2003-02-28	Mogul AB	Adera AB	Complete	Domestic	Equity Swap	Horizontal	1
2003-09-19	Binar Elektronik AB	Binar Intressenter AB	Complete	Domestic	Cash	Financial	0
2003-11-04	Pandox AB	APES Holding AB	Complete	Norway	Cash	Horizontal	0
2005-04-20	Trio AB	Netwise AB	Cancelled	Domestic	Equity Swap	Vertical	0
2005-05-13	Skandia Försäkrings AB	Old Mutual PLC	Complete	United Kingdom	Cash + Equity Swap	Horizontal	0
2006-09-01	Capio AB	Opica AB (Nordic Capital + Apax)	Complete	Domestic	Cash	Financial	0
2006-09-17	Scania AB	MAN AG	Cancelled	Germany	Cash + Equity Swap	Horizontal	0
2006-10-02	Semcon AB	JCE Group AB	Complete	Domestic	Cash	Horizontal	1
2006-10-02	Cybercom Group Europe AB	JCE Group AB	Complete	Domestic	Cash	Conglomerate	1
2007-08-09	OMX AB	Borse Dubai	Complete	United Arab Emirates	Cash	Horizontal	0
2007-08-13	Lindex AB	KappAhl Holding AB	Cancelled	Domestic	Cash	Horizontal	0
2007-09-25	Elverk Vallentuna AB	Eon Sverige AB	Cancelled	Domestic	Cash	Horizontal	1
2007-10-29	Karolin Machine Tool AB	Nordstjeran Ventures Investment AB	Complete	Domestic	Cash	Financial	1
2007-11-13	Securitas Direct AB	EQT, Sakl, Melker Schorling, Latour (ESLM)	Complete	Domestic	Cash	Financial	1
2007-12-11	Gant Company AB	Procacstor SA	Complete	Luxembourg	Cash	Conglomerate	1
2008-01-14	Human Care HC AB	Garden Growth Capital Healthcare	Complete	United Kingdom	Cash	Horizontal	1
2008-03-27	Sigma AB	Askerö Utveckling AB	Cancelled	Domestic	Cash	Financial	1
2008-04-30	Cision AB	Cyril Acquisition AB	Cancelled	Domestic	Cash	Financial	1
2008-05-16	Ballingsfövr International AB	Stena Adactum AB	Complete	Domestic	Cash	Financial	1
2008-06-05	TeliaSonera AB	France Telecom SA	Cancelled	France	Cash + Equity Swap	Horizontal	1
2008-10-23	Enaco AB	Mannerheim Invest AB	Cancelled	Domestic	Cash	Financial	1
2008-10-30	IGE Nordic AB	International Gold Exploration	Complete	Domestic	Equity Swap	Horizontal	1
2008-11-03	Q Med AB	Ivytan AB (EQT & Lyftet holding)	Cancelled	Domestic	Cash	Financial	1
2009-04-28	Hemtex AB	Hakon Invest AB	Complete	Domestic	Cash	Financial	0
2010-02-10	Tricorona AB	Opcon AB	Cancelled	Domestic	Equity Swap	Horizontal	0

Appendix 2 – Norwegian hostile takeover attempts, 2000-2010.

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0 Bust=1
2000-05-16	Netcom ASA	TDC A/S	Cancelled	Denmark	Cash	Horizontal	0
2002-01-09	Elkem ASA	Alcoa Inc	Cancelled	United States	Cash	Vertical	1
2005-08-15	Exploration Resources ASA	Fugro NV	Cancelled	Netherlands	Cash	Horizontal	0
2006-03-22	Visma ASA	Sage Group PLC	Cancelled	United Kingdom	Cash	Horizontal	0
2006-08-02	Wilson ASA	Caiano AS	Complete	Domestic	Cash	Financial	0
2006-08-23	Wilson ASA	DBBO (Djuva 11, Bergshav Tankers, Borgestad & Osiris Prosjekt)	Cancelled	Domestic	Cash	Horizontal	0
2006-09-08	Eastern Drilling ASA	SeaDrill Ltd	Cancelled	Bermuda	Cash	Horizontal	1
2006-11-17	Intelcom Group AS	Sebaro Investments Limited	Cancelled	Domestic	Cash	Financial	1
2007-08-14	Norgani Hotels ASA	Norwegian Property ASA	Cancelled	Domestic	Cash + Equity Swap	Horizontal	0
2007-12-21	Aker Drilling	Aker Capital ASA	Complete	Domestic	Cash	Financial	1
2008-04-30	Hexagon Composites ASA	Flakk Holding AS	Complete	Domestic	Cash	Financial	1
2008-11-07	Komplett ASA	Cantica Investor AS	Complete	Domestic	Cash	Financial	1
2009-03-30	Luxo ASA	AB Fagerhult	Cancelled	Sweden	Cash	Horizontal	1
2010-05-30	Unison Forsikring ASA	Protector Forsikring ASA	Cancelled	Domestic	Cash	Horizontal	1

Appendix 3 – Swedish friendly takeover attempts, 2000-2010.

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0,Bust=1
2000-01-24	Piren AB	Rodamco Continental Europe NV (Latour & Skanska)	Complete	Netherlands	Cash	Vertical	0
2000-02-08	Cell Network AB	Mandator AB	Complete	Domestic	Equity Swap	Vertical	0
2000-02-24	Connecta AB	Information Highway AB	Complete	Domestic	Equity Swap	Horizontal	0
2000-03-20	Diligentia AB	Skandia Liv AB	Complete	Domestic	Cash	Conglomerate	0
2000-04-04	BT Industries AB	Toyoda Automatic Loom Works Ltd	Complete	Japan	Cash	Conglomerate	0
2000-04-05	Perstorp AB	Industri Kapital + Wendt family	Cancelled	Domestic	Cash	Financial	0
2000-04-18	Zeteco AB	Parek Oy AB	Complete	Finland	Cash	Conglomerate	0
2000-05-15	Entra Data AB	TietoEnator Corp	Complete	United Kingdom	Equity Swap	Conglomerate	0
2000-06-16	Lifco AB	Carl Bennet Medicinteknik AB	Complete	Domestic	Cash	Conglomerate	0
2000-06-21	Svedala Industri AB	Meiso Oyj	Complete	Finland	Cash	Conglomerate	0
2000-08-17	Iro Sweden AB	Michel Van De Wiele NV	Complete	Belgium	Cash	Horizontal	1
2000-08-21	Fastighetsaktiebolaget Norrporten	NS Holding AB	Complete	Domestic	Cash	Horizontal	1
2000-09-11	Resco AB	Ft Systems SA	Cancelled	France	Equity Swap	Horizontal	1
2000-09-13	Arete AB	Turnit AB	Complete	Domestic	Equity Swap	Horizontal	1
2000-09-26	Anders Dros AB	AP Fastigheter AB	Complete	Domestic	Equity Swap	Horizontal	1
2000-09-28	Avesta Sheffield AB	Ouokumpu Oyj	Complete	Finland	Cash	Horizontal	1
2000-09-28	Allgon AB	REMEC Inc	Cancelled	United States	Equity Swap	Horizontal	1
2000-12-04	Intra International AB	IntraUSA Group Inc (The)	Complete	United States	Cash	Horizontal	1
2001-01-10	Artema Medical AB	Cardiac Science Inc	Complete	United States	Equity Swap	Horizontal	1
2001-01-26	Segerström & Svensson AB	Sanmina Corp	Complete	United States	Equity Swap	Horizontal	1
2001-01-26	Svenska Brand Försäkring AB	Länsförsäkringar AB	Complete	Domestic	Cash	Horizontal	1
2001-02-19	Atle AB	Woodrose Invest AB (Ratos & 3i)	Complete	Domestic	Cash	Financial	1
2001-03-22	Perstorp AB	Sydsvenska Kemi AB (Industri Kapital)	Complete	Domestic	Cash	Conglomerate	1
2001-04-23	Scandic Hotels AB	Hilton Group PLC	Complete	United Kingdom	Cash + Equity Swap	Horizontal	1
2001-04-30	Spendrups Bryggerier AB	Spendrups Invest (Investor & Spendrups Family)	Complete	Domestic	Cash	Financial	1
2001-05-17	Matteus AB	Aragon Fondkommission AB	Cancelled	Domestic	Cash + Equity Swap	Horizontal	1
2001-05-31	Platzer Bygg AB	Erströmsgruppen AB	Complete	Domestic	Cash	Conglomerate	1
2001-05-31	Friluftsbolaget AB	Fjällräven AB	Complete	Domestic	Cash	Vertical	1
2001-06-08	A vanza AB	HQ.se Holding AB	Complete	Domestic	Equity Swap	Horizontal	1
2001-06-21	Lundin Oil AB	Talisman Energy Inc	Complete	Canada	Cash	Horizontal	1
2001-10-10	AssiDomän AB	Sveaskogs Förvaltning AB	Complete	Domestic	Cash + Equity Swap	Vertical	1
2001-11-12	Vision Park Entertainment AB	KF Media AB	Complete	Domestic	Cash	Conglomerate	1
2001-12-10	AU-System Aktiebolag AB	Teleca AB	Complete	Domestic	Equity Swap	Horizontal	1
2001-12-17	Kipling Holding AB	Dimension AB	Complete	Domestic	Cash + Equity Swap	Horizontal	1
2002-01-09	Johnson Pump International AB	TMT One AB	Complete	Domestic	Cash + Equity Swap	Financial	0
2002-02-18	Intelligent Micro Systems Data AB	Martinsonn Gruppen AB	Complete	Domestic	Cash	Horizontal	1
2002-04-23	Realia AB	Columna Fastigheter AB	Complete	Domestic	Equity Swap	Horizontal	1
2002-05-24	Esselte AB	Private Group led by JW Childs	Complete	United States	Cash	Financial	1
2002-07-05	Pronyx AB	Teleca AB	Complete	Domestic	Cash + Equity Swap	Horizontal	1
2002-11-18	Utfors AB	Telenor's Business Solutions AB	Complete	Norway	Cash	Horizontal	1

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0,Bust=1
2003-02-13	Diffhamb AB	Raisio Yhtymä Oyj	Complete	Finland	Cash	Horizontal	1
2003-03-12	Realia AB	Welkons Interressenter AB	Complete	Domestic	Cash	Financial	1
2003-03-20	Mandamus AB	LRF Fastigheter AB	Complete	Domestic	Cash	Horizontal	1
2003-04-07	Biora AB	Straumann Holding AG	Complete	Switzerland	Cash	Horizontal	0
2003-06-17	Fastighets AB Celtica	Ljungberg Gruppen AB	Complete	Domestic	Cash	Horizontal	0
2003-06-26	PerBio Science AB	Fisher Scientific International Inc	Complete	Domestic	Cash	Horizontal	0
2003-08-14	Graminge AB	Sydkraft AB	Complete	Domestic	Cash	Horizontal	0
2003-10-20	Fastighets AB Tomet	LRT Acquisition AB (Ratos + Lehman)	Complete	Domestic	Cash	Financial	0
2003-11-24	Dimension AB	Proact IT Group AB	Complete	Domestic	Cash	Horizontal	0
2003-12-01	LGP Allgon Holding AB	Powerwave Technologies Inc	Complete	United States	Cash + Equity Swap	Vertical	0
2003-12-16	Ufors AB	Telenor ASA	Complete	Norway	Equity Swap	Horizontal	0
2004-03-01	Connecta AB	Nanook Investment	Complete	Domestic	Equity Swap	Horizontal	0
2004-04-26	Custos AB	Investment AB Öresund	Complete	Domestic	Equity Swap	Horizontal	0
2004-05-06	RKS AB	Sigma AB	Complete	Domestic	Equity Swap	Horizontal	0
2004-06-29	Drott Bostads AB	Stena Fastigheter AB	Complete	Domestic	Cash	Vertical	0
2004-07-19	Fabege AB	Wihlborgs Fastigheter	Complete	Domestic	Cash + Equity Swap	Horizontal	1
2004-08-24	Frango AB	Cognos Inc	Complete	Canada	Cash	Horizontal	1
2004-08-31	VLТ AB	Mediantressenter PLMS AB	Complete	Domestic	Cash	Horizontal	1
2004-09-14	SONG NETWORKS HOLDING AB	TDC A/S	Complete	Denmark	Cash	Horizontal	1
2004-10-07	Gorthon Lines AB	B&N Nordsjofrakt AB	Complete	Domestic	Equity Swap	Horizontal	0
2004-11-15	Finnveden AB	Cidron Invest AB (Nordic Capital)	Complete	Domestic	Cash	Financial	0
2004-11-19	Aimax AB	Scania AB	Complete	Domestic	Equity Swap	Horizontal	0
2004-12-22	Turmit AB	Nocom AB	Complete	Domestic	Equity Swap	Horizontal	0
2004-12-22	Iar Systems AB	Nocom AB	Complete	Domestic	Equity Swap	Horizontal	0
2005-02-10	Sapa AB	Orkla ASA	Complete	Norway	Cash	Conglomerate	0
2005-05-12	Riddarhyttan Resources AB	Agnico-Eagle Mines Ltd	Complete	Canada	Equity Swap	Horizontal	0
2005-05-26	Karlshamns AB	Newco 2	Complete	Domestic	Cash	Horizontal	0
2005-06-02	Intentia International AB	Lawson Software Inc	Complete	United States	Equity Swap	Horizontal	0
2005-06-20	HQ Fonder AB	Hagström & Qviberg	Complete	Domestic	Equity Swap	Horizontal	0
2005-11-03	Aspiro AB	Schibsted ASA	Complete	Norway	Cash	Horizontal	0
2005-11-22	Optimail AB	Posten Norge AS	Complete	Norway	Cash	Vertical	0
2006-01-09	Resco AB	Acanofrontec AB	Complete	Domestic	Cash + Equity Swap	Vertical	0
2006-01-21	Klippan AB	Weland AB	Complete	Domestic	Cash	Conglomerate	0
2006-02-03	Fastighets AB Tomet	Fabege AB	Complete	Domestic	Cash	Horizontal	0
2006-02-08	Trio AB	Teligent AB	Complete	Domestic	Equity Swap	Conglomerate	0
2006-02-08	Globalnet AB	Telenor ASA	Complete	Domestic	Cash	Horizontal	0
2006-03-14	Strålfors AB	Posten AB	Complete	Domestic	Cash	Conglomerate	0
2006-03-21	LB Icon AB	Framfab AB	Complete	Domestic	Equity Swap	Horizontal	0
2006-04-03	Gambro AB	Indap AB (EQT + Investor)	Complete	Domestic	Cash	Financial	0
2006-05-09	JC AB	Retail and Brands AB	Complete	Domestic	Cash + Equity Swap	Horizontal	0
2006-06-05	Netwise AB	Telefon AB LM Ericsson	Complete	Domestic	Cash	Vertical	0
2006-06-20	Biacore International AB	GE Medical Holding AB	Complete	Domestic	Cash + Equity Swap	Horizontal	0
2006-07-24	Seneca AB	Kamstrup A/S	Complete	Denmark	Cash	Horizontal	0
2006-08-21	WM-Data Nordic AB	LogicaCMG PLC	Complete	United Kingdom	Cash + Equity Swap	Conglomerate	0
2006-11-08	Custos AB	SPX Corp	Complete	United States	Cash	Horizontal	0

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0,Bust=1
2007-01-15	Pergo AB	Pfliederer Sweden AB	Complete	Domestic	Cash	Conglomerate	0
2007-01-15	TradeDoubler AB	AOL LLC	Cancelled	United States	Cash	Horizontal	0
2007-02-19	Sardus AB	Atria Yhtymä Oyj	Complete	Finland	Cash	Horizontal	0
2007-03-23	Inwarehouse AB	Komplett AB	Complete	Norway	Cash	Horizontal	0
2007-05-04	Allokton AB	Centerplan A/S	Complete	Denmark	Cash	Horizontal	0
2007-05-25	OMX AB	Nasdaq Stock Market Inc	Complete	United States	Cash + Equity Swap	Horizontal	0
2007-06-11	Telelogic AB	IBM Svenska AB	Complete	Domestic	Cash	Horizontal	0
2007-08-20	Salus-Ansvar AB	DNB NOR ASA	Complete	Norway	Cash	Horizontal	1
2007-08-27	Nefab AB	NPNC Intrinsenter AB (Nordic Capital)	Complete	Domestic	Cash	Financial	1
2007-09-24	All Cards Service Centre (ACSC AB)	Xpoccard Group AB	Complete	Domestic	Equity Swap	Horizontal	1
2007-10-01	Lindex AB	Stockmann Oyj	Complete	Finland	Cash	Horizontal	1
2007-10-08	Mandator AB	Fujitsu Services Overseas Holdings Ltd	Complete	United Kingdom	Cash	Horizontal	1
2007-10-22	Ark Travel AB	Carlson Wagonlit Sverige AB	Complete	Domestic	Cash	Financial	1
2007-10-22	Acadamedia AB	Bure Equity AB	Complete	Domestic	Cash	Financial	1
2007-12-14	Gymgrossisten Nordic AB	CDON AB	Complete	Domestic	Cash	Conglomerate	1
2008-01-17	ONE Media Holding AB	International Marketing & Sales Group Plc	Complete	Russia	Cash	Horizontal	1
2008-02-01	Boss Media AB	GEMed AB	Complete	United States	Cash	Financial	1
2008-02-19	XPonCard Group AB	Oberteur Technologies SA	Complete	France	Cash	Vertical	1
2008-05-26	Zodiak Television AB	Katdoz AB	Complete	Domestic	Cash	Financial	1
2008-05-26	Kontakt East Holding AB	Vosvik AB	Complete	Domestic	Cash	Horizontal	1
2008-07-22	Gunnebo Industrier AB	Segulah Siellata Holding AB	Complete	Domestic	Cash	Financial	1
2008-08-27	Broström AB	Maersk Product Tankers AB	Complete	Denmark	Cash	Horizontal	1
2008-09-23	SIX AB	Telekurs Holding AG	Complete	Switzerland	Cash	Financial	1
2008-09-30	Arena Personal AB	SMTW Personal Holding AB	Complete	Norway	Cash	Conglomerate	1
2008-10-16	Strand Interconnect AB	Addnode AB	Complete	Domestic	Equity Swap	Horizontal	1
2008-10-21	PanAlarm AB	Panaxia Security AB	Complete	Domestic	Cash	Horizontal	1
2008-10-31	Teleca AB	CayTel I LP Symphony Technology Group	Complete	United States	Cash	Financial	1
2008-12-11	Cryptzone AB	Avira GmbH	Cancelled	Germany	Cash	Horizontal	1
2009-01-05	Scania AB	Porsche Automobil Holding SE	Complete	Germany	Cash	Horizontal	1
2009-04-03	Technology Nexus AB	Investor Group	Complete	Domestic	Cash	Financial	1
2009-04-17	Carl Lamm Holding AB	Ricoh Europe Holdings PLC	Complete	Domestic	Cash	Horizontal	0
2009-04-17	Annehem Fastigheter AB	Peab AB	Complete	Domestic	Equity Swap	Vertical	0
2009-06-26	Din Bostad Sverige AB	Fastighets AB Balder	Complete	Domestic	Equity Swap	Horizontal	0
2009-10-14	Skanditek Industriförvaltning AB	Bure Equity AB	Complete	Domestic	Equity Swap	Financial	0
2009-11-30	Ledstierman AB	Thuban AB	Complete	Domestic	Cash	Financial	0
2009-12-22	3L System AB	Vitec Software Group AB	Complete	Domestic	Cash	Horizontal	0
2010-01-05	Ticket Travel Group AB	Braganza AS	Complete	Norway	Cash	Conglomerate	0
2010-01-25	NeoNet AB	Orc Software AB	Complete	Domestic	Equity Swap	Horizontal	0
2010-02-22	Tilgin AB	MGA Holding AB and Trulscom AB	Complete	Domestic	Cash	Financial	0
2010-04-28	AcadeMedia AB	Svensk Utbildning Intrinsenter Holding AB	Complete	Domestic	Cash	Financial	0
2010-06-02	HL Display AB	Ratos AB	Complete	Domestic	Cash + Equity Swap	Financial	0
2010-06-02	Tricrona AB	Barclays PLC	Complete	United Kingdom	Cash	Financial	0
2010-09-27	Modul 1 Data AB	Softronic AB	Complete	Domestic	Cash + Equity Swap	Horizontal	0
2010-09-29	Munters AB	Cidron Intrinsenter AB (Nordic Capital)	Complete	Domestic	Cash	Financial	0
2010-11-29	Biolin Scientific AB	Ratos AB	Complete	Domestic	Cash	Financial	0
2010-12-13	Cardo AB	Assa Abloy AB	Complete	Domestic	Cash	Horizontal	0

Appendix 4 – Norwegian friendly takeover attempts, 2000-2010.

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0 Bust=1
2001-05-22	Storebrand ASA	Varna-Sampo Oy	Cancelled	Finland	Cash + Equity Swap	Horizontal	0
2001-11-02	Unitor Asa	Umoe Industri AS	Complete	Domestic	Cash	Horizontal	0
2001-11-28	Data Respons ASA	E-Line Group ASA	Complete	Domestic	Cash + Equity Swap	Horizontal	0
2002-05-28	Storebrand ASA	Den Norske Bank ASA	Cancelled	Domestic	Equity Swap	Horizontal	1
2002-06-27	PSI Group	Pitney Bowes Inc	Complete	United States	Cash	Vertical	1
2002-08-16	Steen og Strom ASA	Canica	Complete	Domestic	Cash	Financial	1
2003-02-03	Gjensidige NOR ASA	DNB NOR ASA	Complete	Domestic	Cash + Equity Swap	Horizontal	1
2003-03-05	Unitor ASA	Umoe Industri AS	Complete	domestic	Equity Swap	Horizontal	1
2003-04-01	Sense Communications International AS	Rettan Narvesen ASA	Complete	Domestic	Cash	Horizontal	1
2003-04-06	Bergesen DY Asa	World Nordic Aps	Complete	Denmark	Cash	Vertical	1
2003-04-28	Leif Hoegh & Co ASA	Aequitas Holdings AS	Complete	Domestic	Cash	Financial	1
2003-07-14	Havila Supply ASA	Groupe Bourbon	Complete	France	Cash	Horizontal	0
2003-11-24	Avantor ASA	Rasmussengruppen	Complete	Denmark	Cash	Financial	0
2004-08-19	Industrifinans Naeringsseidendom ASA	Rasmussengruppen AS	Complete	Domestic	Cash	Conglomerate	0
2004-09-02	Klippen Invest ASA	WHITECLIFF ASA	Complete	Domestic	Cash	Financial	0
2004-09-10	KreditBanken ASA	Islandsbanki hf	Complete	Iceland	Cash	Horizontal	0
2004-11-03	Sparebanken Rana ASA	Helgeland Sparebank	Complete	Domestic	Equity Swap	Horizontal	0
2004-11-15	Bolig- Og Naeringsbanken ASA	Glitnir Banki hf	Complete	Iceland	Cash	Horizontal	0
2004-12-06	Goodtech ASA	Holmen Industri Invest I AS	Complete	Domestic	Cash	Financial	0
2005-01-10	Elkem ASA	Orkla ASA	Complete	Domestic	Cash	Conglomerate	0
2005-04-25	Privatbanken ASA	Skandinaviska Enskilda Banken AB	Complete	Sweden	Cash	Horizontal	0
2005-06-20	Unitor ASA	Wilhelm Wilhelmsen ASA	Complete	Domestic	Cash	Horizontal	0
2005-06-20	Axessit	Ericsson Hldg International BV	Complete	Netherlands	Cash	Vertical	0
2005-08-04	Petrojack AS	Awilco Offshore ASA	Cancelled	Domestic	Equity Swap	Vertical	0
2005-08-16	Via Travel Group	FSN Capital Partners	Complete	Domestic	Cash	Financial	0
2005-08-29	Exploration Resources ASA	Compagnie Generale De Geophysique	Complete	France	Cash	Horizontal	0
2005-09-05	Catch Communications ASA	Ventelo Norge AS (PE)	Complete	Domestic	Cash	Financial	0
2005-09-26	Findex AS	Entiro AB	Complete	Sweden	Equity Swap	Vertical	0
2005-11-09	Hands ASA	Kogun hf	Complete	Iceland	Cash	Horizontal	0
2005-11-18	Ibas Holding	Kroll Inc	Complete	United States	Cash	Financial	0
2005-12-09	Opticom ASA	Fast Search and Transfer	Complete	Domestic	Equity Swap	Horizontal	0
2006-01-04	Smedvig ASA	Sea Drill Ltd	Cancelled	Bermuda	Cash	Horizontal	0
2006-03-27	Technor ASA	CET Holding AS	Complete	Domestic	Cash	Financial	0
2006-04-10	Fjord Seafood	Pan Fish ASA	Complete	Domestic	Cash	Horizontal	0
2006-04-18	Visma ASA	Engel Holding AS	Complete	Domestic	Cash	Financial	0
2006-05-10	Fjord Seafood	Pan Fish ASA	Complete	Domestic	Cash	Horizontal	0
2006-05-16	NextGenTel Holding ASA	TeliaSonera AB	Complete	Sweden	Cash	Horizontal	0
2006-05-16	Allianse ASA	ErgoGroup AS	Complete	Domestic	Cash	Horizontal	0
2006-05-29	Nera ASA	Eltek	Complete	Domestic	Equity Swap	Horizontal	0
2006-06-09	Active 24 ASA	Mamut	Complete	Domestic	Cash	Horizontal	0
2006-08-29	Andvord Tybring-Gjedde ASA	Buhrmann NV (Corporate Express)	Complete	Domestic	Cash	Horizontal	0
2006-09-12	P4 Radio Hele Norge ASA	Modern Times Group MTG AB	Complete	Netherlands	Cash	Vertical	0
			Complete	Sweden	Cash	Horizontal	0

Announcement	Target	Acquirer	Deal Status	Country of Acquirer	Payment Method	Relatedness	Boom=0 Bust=1
2006-10-13	Sinvest ASA	Scorpion Offshore Limited	Cancelled	Domestic	Equity Swap	Financial	1
2006-11-24	Rica Hotels ASA	J E R Holding AS	Complete	Domestic	Cash	Financial	1
2006-11-30	Rieber & Son ASA	AS Atlantis Vest	Complete	Sweden	Cash	Financial	0
2007-01-15	Tandberg Television ASA	Artis Group Inc	Cancelled	United States	Cash	Horizontal	0
2007-01-29	Hexagon Composites ASA	Bockmann Eiendom AS	Complete	Domestic	Cash	Financial	0
2007-02-26	Tandberg Television ASA	Telefon AB LM Ericsson	Complete	Sweden	Cash	Horizontal	0
2007-03-09	Captura ASA	JCE Group AB	Complete	Domestic	Cash	Financial	0
2007-03-30	Eitzen Chemical ASA	Camillo Eitzen & Co.	Complete	Domestic	Cash	Horizontal	0
2007-04-17	Eastern Drilling ASA	SeaDrill Limited	Complete	Bermuda	Cash	Horizontal	0
2007-05-29	Expert ASA	A Wilhelmsen AS	Complete	Domestic	Cash	Financial	0
2007-06-08	Roxar AS	CorrOcean ASA	Complete	Domestic	Cash	Financial	0
2007-06-11	Component Software Group	Affecto Oyj	Complete	Finland	Cash + Equity Swap	Horizontal	0
2007-09-10	Norgani Hotels ASA	Aberdeen Property Investors Norway ASA	Cancelled	Domestic	Cash	Financial	0
2007-10-15	Scan Subsea ASA	Parker Hannifin Corp	Complete	United States	Cash	Horizontal	0
2007-11-02	REM Offshore ASA	Kaldbakur and Barentz AS	Complete	Domestic	Cash	Vertical	0
2007-11-16	Petromena ASA	Petrolia Drilling ASA	Complete	Domestic	Cash	Financial	0
2008-01-28	Trolltech ASA	Nokia Oyj	Complete	Finland	Cash	Horizontal	1
2008-02-26	AGR Group ASA	Altor Oil Service Invest AS	Complete	Domestic	Cash	Financial	1
2008-05-13	Confrimit ASA	Sebastian Holdings Inc	Complete	United Kingdom	Cash	Financial	1
2008-05-16	Deep Ocean ASA	Trico Shipping AS	Complete	Domestic	Cash	Horizontal	0
2008-06-03	Exense Consulting ASA	Immeta ASA	Complete	Domestic	Equity Swap	Horizontal	0
2008-06-23	Aker Yards ASA (STX Europe)	STX Norway AS	Complete	Domestic	Cash	Horizontal	1
2008-07-07	Awilco Offshore ASA	COSL Norwegian AS	Complete	Domestic	Cash	Horizontal	1
2008-08-18	Superoffice ASA	SuperInvest AS	Complete	Domestic	Cash	Financial	1
2008-09-05	Ocean HeavyLift ASA	Spencer Energy AS	Complete	Domestic	Cash	Vertical	1
2008-10-14	Leroy Seafood Group ASA	Austevoll Seafood ASA	Complete	Domestic	Cash	Horizontal	1
2008-11-10	Wavefield Inseis ASA	Compagnie Generale De Geophysique	Complete	France	Equity Swap	Horizontal	1
2008-11-17	Nattopharma ASA	Nordic Health ASA	Cancelled	Domestic	Cash	Horizontal	1
2008-12-02	Software Innovation ASA	Borea Opportunity IV AS	Complete	Domestic	Cash	Financial	1
2008-12-15	Wavefield Inseis ASA	Compagnie Generale De Geophysique	Complete	France	Cash	Horizontal	1
2009-03-02	Aker Floating Production ASA	Aker ASA	Complete	Domestic	Cash	Horizontal	1
2009-05-15	Powel ASA	Arendals Fosskompani ASA	Complete	Domestic	Cash	Horizontal	0
2009-05-29	Unison Forsikring ASA	SpareBank 1 Skadeforsikring AS	Cancelled	Domestic	Cash	Horizontal	0
2009-08-25	Det norske oljeselskap ASA	Aker Exploration ASA	Complete	Domestic	Equity Swap	Horizontal	0
2009-09-02	StepStone ASA	Axel Springer AG	Complete	Germany	Cash	Conglomerate	0
2009-10-01	Tandberg ASA	Cisco Systems Netherlands Holdings BV	Complete	Netherlands	Cash	Horizontal	0
2009-10-13	Grønland Group ASA	HVS Invest ASA	Complete	Domestic	Cash	Financial	0
2010-05-06	Simrad Optronics ASA	Rheinmetall AG	Complete	Germany	Cash	Horizontal	0
2010-09-17	Marine Farms ASA	Morpol ASA	Complete	Domestic	Cash	Horizontal	1

Appendix 5 – Results, Market Adjusted Return Model – Scandinavia

		Hostile		Friendly		Total	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,1565 **	2,1148	-0,0225	-0,4481	0,0156	0,3803
	[t-5, t+5]	0,2021 ***	2,7805	0,0360	0,7883	0,0651 *	1,7202
	[t-3, t+3]	0,2109 ***	3,0266	0,0351	0,7524	0,0852 **	2,2519
	[t-1, t+1]	0,1466 **	2,4030	0,0327	0,7386	0,0748 **	2,1139
	[t-1, t+3]	0,1654 **	2,5873	0,0147	0,3186	0,0554	1,5052
	[t-1, t+10]	0,1436 **	2,0556	-0,0490	-0,9477	0,0184	0,4437
<i>Successfulness</i>	[t-10, t+10]	0,0999	1,6688	0,0994 **	2,0957	0,0808 **	2,3412
	[t-5, t+5]	0,0911	1,5480	0,0485	1,1258	0,0409	1,2857
	[t-3, t+3]	0,0393	0,6964	0,0611	1,3888	0,0236	0,7421
	[t-1, t+1]	0,0185	0,3755	0,0660	1,5769	0,0333	1,1182
	[t-1, t+3]	0,0572	1,1059	0,0801 *	1,8399	0,0503	1,6274
	[t-1, t+10]	0,0804	1,4212	0,1236 **	2,5327	0,0708 **	2,0359
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0193	-0,2803	0,1051 ***	3,9342	0,0345	1,3836
	[t-5, t+5]	-0,0346	-0,5117	0,0691 ***	2,8444	0,0217	0,9443
	[t-3, t+3]	-0,0467	-0,7198	0,0476 *	1,9186	0,0092	0,4014
	[t-1, t+1]	-0,0116	-0,2042	0,0553 **	2,3480	0,0076	0,3522
	[t-1, t+3]	-0,0402	-0,6752	0,0447 *	1,8221	0,0048	0,2134
	[t-1, t+10]	-0,0384	-0,5892	0,0537 *	1,9538	0,0016	0,0628
<i>Payment Method</i>	[t-10, t+10]	0,0437	0,5649	0,0407	1,3643	0,0562 **	1,9766
	[t-5, t+5]	-0,0086	-0,1138	0,0505 *	1,8632	0,0517 **	1,9743
	[t-3, t+3]	0,0437	0,5993	0,0472 *	1,7081	0,0571 **	2,1815
	[t-1, t+1]	0,0541	0,8488	0,0314	1,1928	0,0470 *	1,9189
	[t-1, t+3]	0,0281	0,4198	0,0500 *	1,8264	0,0576 **	2,2654
	[t-1, t+10]	0,0523	0,7164	0,0611 **	1,9910	0,0752 ***	2,6295
<i>Relatedness</i>	[t-10, t+10]	-0,0618	-0,7939	0,0086	0,2987	-0,0228	-0,8663
	[t-5, t+5]	-0,1061	-1,3884	0,0051	0,1951	-0,0226	-0,9291
	[t-3, t+3]	-0,0793	-1,0822	-0,0033	-0,1246	-0,0223	-0,9181
	[t-1, t+1]	-0,0010	-0,0161	0,0000	-0,0002	-0,0127	-0,5591
	[t-1, t+3]	-0,0359	-0,5347	-0,0149	-0,5639	-0,0249	-1,0533
	[t-1, t+10]	-0,0808	-1,1002	-0,0114	-0,3853	-0,0315	-1,1863
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,1145 ***	3,0992
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0891 ***	2,6149
	[t-3, t+3]	N/A	N/A	N/A	N/A	0,0848 **	2,4910
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0641 **	2,0137
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0861 ***	2,6043
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,0974 ***	2,6178
<i>Boom/bust</i>	[t-10, t+10]	0,0458	0,7715	0,0990 ***	3,8998	0,0893 ***	3,8079
	[t-5, t+5]	0,0891	1,5281	0,0784 ***	3,3963	0,0797 ***	3,6871
	[t-3, t+3]	0,0427	0,7644	0,0585 **	2,4827	0,0563 ***	2,6067
	[t-1, t+1]	0,0304	0,6218	0,0637 ***	2,8442	0,0587 ***	2,9046
	[t-1, t+3]	0,0651	1,2686	0,0639 ***	2,7407	0,0655 ***	3,1212
	[t-1, t+10]	0,0908	1,6196	0,0702 ***	2,6870	0,0750 ***	3,1742
<i>R²</i>	[t-10, t+10]		0,0871		0,1613		0,1236
	[t-5, t+5]		0,1227		0,1178		0,1028
	[t-3, t+3]		0,0453		0,0746		0,0761
	[t-1, t+1]		0,0436		0,0843		0,0708
	[t-1, t+3]		0,0844		0,0869		0,0937
	[t-1, t+10]		0,1204		0,1031		0,1050
<i>No. in Sample</i>			47		214		261

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 6 – Results, Market Model - Scandinavia

		Hostile		Friendly		Total	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,1771 **	2,4664	-0,0088	-0,1739	0,0106	0,2655
	[t-5, t+5]	0,2095 ***	2,9061	0,0405	0,8840	0,0512	1,3764
	[t-3, t+3]	0,2251 ***	3,2891	0,0371	0,8010	0,0630 *	1,6978
	[t-1, t+1]	0,1572 **	2,6651	0,0343	0,7760	0,0545	1,5761
	[t-1, t+3]	0,1919 ***	2,9004	0,0124	0,2687	0,0352	0,9625
	[t-1, t+10]	0,1718 **	2,4636	-0,0462	-0,9034	-0,0103	-0,2562
<i>Successfulness</i>	[t-10, t+10]	0,0890	1,5310	0,0922 *	1,9341	0,0851 **	2,3627
	[t-5, t+5]	0,0901	1,5437	0,0540	1,2478	0,0601	1,8001
	[t-3, t+3]	0,0552	0,9970	0,0668	1,5290	0,0538	1,6163
	[t-1, t+1]	0,0381	0,7975	0,0673	1,6131	0,0529 *	1,7057
	[t-1, t+3]	0,0694	1,2965	0,0840 *	1,9349	0,0727 **	2,2136
	[t-1, t+10]	0,0737	1,3054	0,1184 **	2,4515	0,0927 **	2,5592
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0458	-0,6847	0,0886 ***	3,2962	0,0687 ***	2,7748
	[t-5, t+5]	-0,0617	-0,9178	0,0591 **	2,4236	0,0432 *	1,8811
	[t-3, t+3]	-0,0804	-1,2614	0,0442 *	1,7951	0,0266	1,1612
	[t-1, t+1]	-0,0279	-0,5072	0,0458 *	1,9466	0,0339	1,5858
	[t-1, t+3]	-0,0600	-0,9741	0,0464 *	1,8983	0,0305	1,3483
	[t-1, t+10]	-0,0643	-0,9893	0,0528 *	1,9415	0,0353	1,4174
<i>Payment Method</i>	[t-10, t+10]	0,0507	0,6752	0,0560 *	1,8695	0,0545 *	1,9627
	[t-5, t+5]	-0,0050	-0,0669	0,0529 *	1,9431	0,0424	1,6450
	[t-3, t+3]	0,0103	0,1444	0,0462 *	1,6817	0,0398	1,5506
	[t-1, t+1]	0,0298	0,4835	0,0414	1,5784	0,0399 *	1,6640
	[t-1, t+3]	-0,0029	-0,0420	0,0506 *	1,8550	0,0420 *	1,6572
	[t-1, t+10]	0,0310	0,4253	0,0688 **	2,2663	0,0628 **	2,2448
<i>Relatedness</i>	[t-10, t+10]	-0,0518	-0,6858	-0,0066	-0,2284	-0,0106	-0,3957
	[t-5, t+5]	-0,0999	-1,3171	-0,0045	-0,1693	-0,0146	-0,5871
	[t-3, t+3]	-0,0917	-1,2746	-0,0058	-0,2194	-0,0152	-0,6128
	[t-1, t+1]	-0,0163	-0,2623	-0,0095	-0,3756	-0,0094	-0,4078
	[t-1, t+3]	-0,0622	-0,8936	-0,0136	-0,5156	-0,0177	-0,7209
	[t-1, t+10]	-0,0850	-1,1594	-0,0126	-0,4297	-0,0204	-0,7558
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,0874 ***	2,6610
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0770 **	2,5263
	[t-3, t+3]	N/A	N/A	N/A	N/A	0,0826 ***	2,7197
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0514 *	1,8175
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0813 ***	2,7153
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,1038 ***	3,1421
<i>Boom/bust</i>	[t-10, t+10]	0,0321	0,5576	0,0807 ***	3,1603	0,0730 ***	3,1502
	[t-5, t+5]	0,0836	1,4457	0,0726 ***	3,1328	0,0736 ***	3,4234
	[t-3, t+3]	0,0681	1,2411	0,0553 **	2,3643	0,0564 ***	2,6335
	[t-1, t+1]	0,0395	0,8351	0,0626 ***	2,8017	0,0591 ***	2,9604
	[t-1, t+3]	0,0770	1,4512	0,0596 **	2,5624	0,0623 ***	2,9502
	[t-1, t+10]	0,0900	1,6096	0,0624 **	2,4148	0,0659 ***	2,8283
<i>R²</i>	[t-10, t+10]		0,0809		0,1323		0,1264
	[t-5, t+5]		0,1218		0,1035		0,1067
	[t-3, t+3]		0,0952		0,0710		0,0817
	[t-1, t+1]		0,0505		0,0825		0,0805
	[t-1, t+3]		0,1078		0,0863		0,0951
	[t-1, t+10]		0,1181		0,0806		0,1145
<i>No. in Sample</i>			47		214		261

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 7 – Results, Market Adjusted Return Model - Sweden

		Hostile		Friendly		Total Sweden	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,1835 **	2,5200	-0,1380 *	-1,7048	-0,0427	-0,7815
	[t-5, t+5]	0,2061 **	2,3509	-0,0677	-0,9241	-0,0043	-0,0826
	[t-3, t+3]	0,2202 ***	2,8015	-0,0379	-0,5021	0,0372	0,7171
	[t-1, t+1]	0,1686 **	2,3921	-0,0111	-0,1529	0,0590	1,1962
	[t-1, t+3]	0,1857 **	2,4789	-0,0420	-0,5534	0,0270	0,5225
	[t-1, t+10]	0,1651 *	2,0463	-0,1391 *	-1,7172	-0,0432	-0,7813
<i>Successfulness</i>	[t-10, t+10]	0,0815	1,3113	0,1956 **	2,5258	0,1139 **	2,2761
	[t-5, t+5]	0,1124	1,5024	0,1496 **	2,1346	0,1048 **	2,1959
	[t-3, t+3]	0,0507	0,7558	0,1352 *	1,8731	0,0704	1,4797
	[t-1, t+1]	-0,0001	-0,0017	0,1154 *	1,6579	0,0455	1,0088
	[t-1, t+3]	0,0508	0,7942	0,1415 *	1,9498	0,0779	1,6475
	[t-1, t+10]	0,0942	1,3686	0,2145 ***	2,7679	0,1293 **	2,5544
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0670	-0,9798	0,1027 ***	2,9966	0,0712 **	2,3274
	[t-5, t+5]	-0,0957	-1,1615	0,0659 **	2,1257	0,0383	1,3147
	[t-3, t+3]	-0,1239	-1,6784	0,0441	1,3816	0,0123	0,4223
	[t-1, t+1]	-0,0659	-0,9957	0,0410	1,3318	0,0173	0,6257
	[t-1, t+3]	-0,1067	-1,5160	0,0466	1,4510	0,0156	0,5390
	[t-1, t+10]	-0,1047	-1,3818	0,0567	1,6539	0,0252	0,8151
<i>Payment Method</i>	[t-10, t+10]	0,0729	0,9798	0,0857 **	2,3253	0,0887 ***	2,6651
	[t-5, t+5]	-0,0281	-0,3140	0,0727 **	2,1798	0,0577 *	1,8158
	[t-3, t+3]	0,0314	0,3909	0,0577 *	1,6802	0,0561 *	1,7722
	[t-1, t+1]	0,0690	0,9576	0,0383	1,1560	0,0471	1,5687
	[t-1, t+3]	0,0332	0,4342	0,0497	1,4379	0,0498	1,5832
	[t-1, t+10]	0,0428	0,5187	0,0666 *	1,8057	0,0656 *	1,9482
<i>Relatedness</i>	[t-10, t+10]	0,0002	0,0029	0,0067	0,1808	0,0053	0,1569
	[t-5, t+5]	-0,0457	-0,5094	0,0043	0,1275	-0,0021	-0,0644
	[t-3, t+3]	-0,0301	-0,3744	0,0014	0,0393	-0,0011	-0,0336
	[t-1, t+1]	0,0384	0,5325	0,0008	0,0228	0,0086	0,2845
	[t-1, t+3]	0,0023	0,0296	-0,0068	-0,1945	-0,0015	-0,0490
	[t-1, t+10]	-0,0331	-0,4014	0,0015	0,0401	-0,0025	-0,0732
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,1017 ***	2,6060
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0975 ***	2,6191
	[t-3, t+3]	N/A	N/A	N/A	N/A	0,0952 **	2,5666
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0570	1,6177
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0905 **	2,4512
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,1092 ***	2,7656
<i>Boom/bust</i>	[t-10, t+10]	0,0172	0,2850	0,1131 ***	3,4992	0,0975 ***	3,4179
	[t-5, t+5]	0,0874	1,2045	0,0816 ***	0,0816	0,0855 ***	3,1412
	[t-3, t+3]	0,0471	0,7247	0,0547 *	1,8185	0,0561 **	2,0685
	[t-1, t+1]	0,0245	0,4198	0,0724 **	2,4936	0,0660 **	2,5641
	[t-1, t+3]	0,0608	0,9799	0,0625 **	2,0646	0,0661 **	2,4505
	[t-1, t+10]	0,0620	0,9291	0,0795 **	2,4600	0,0779 ***	2,6979
<i>R²</i>	[t-10, t+10]		0,1610		0,2373		0,2107
	[t-5, t+5]		0,1549		0,1710		0,1533
	[t-3, t+3]		0,1390		0,0976		0,1038
	[t-1, t+1]		0,1480		0,0970		0,0922
	[t-1, t+3]		0,1681		0,0989		0,1077
	[t-1, t+10]		0,1634		0,1492		0,1453
<i>No. in Sample</i>			33		133		166

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 8 – Results, Market Model - Sweden

		Hostile		Friendly		Total Sweden	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,2283 ***	3,0792	-0,0859	-1,0903	-0,0049	-0,0917
	[t-5, t+5]	0,2304 **	2,6314	-0,0342	-0,4777	0,0206	0,4012
	[t-3, t+3]	0,2509 ***	3,1391	-0,0041	-0,0556	0,0572	1,1172
	[t-1, t+1]	0,1790 **	2,6882	-0,0007	-0,0096	0,0600	1,2366
	[t-1, t+3]	0,2135 **	2,7102	-0,0272	-0,3626	0,0340	0,6538
	[t-1, t+10]	0,1992 **	2,3900	-0,1093	-1,4032	-0,0188	-0,3481
<i>Successfulness</i>	[t-10, t+10]	0,0621	0,9809	0,1521 **	2,0177	0,0843 *	1,7105
	[t-5, t+5]	0,1001	1,3393	0,1228 *	1,7931	0,0865 *	1,8431
	[t-3, t+3]	0,0628	0,9209	0,1071	1,5268	0,0607	1,2942
	[t-1, t+1]	0,0188	0,3314	0,1057	1,5265	0,0485	1,0911
	[t-1, t+3]	0,0726	1,0797	0,1272 *	1,7709	0,0775	1,6292
	[t-1, t+10]	0,0817	1,1486	0,1839 **	2,4681	0,1062 **	2,1454
<i>Country of Acquirer</i>	[t-10, t+10]	-0,1023	-1,4679	0,0879 ***	2,6352	0,0532	1,7644
	[t-5, t+5]	-0,1196	-1,4545	0,0580 *	1,9166	0,0280	0,9759
	[t-3, t+3]	-0,1481 *	-1,9724	0,0395	1,2741	0,0061	0,2121
	[t-1, t+1]	-0,0796	-1,2730	0,0401	1,3087	0,0155	0,5694
	[t-1, t+3]	-0,1365 *	-1,8451	0,0438	1,3801	0,0102	0,3505
	[t-1, t+10]	-0,1284	-1,6406	0,0523	1,5877	0,0179	0,5923
<i>Payment Method</i>	[t-10, t+10]	0,0805	1,0619	0,0864 **	2,4090	0,0914 ***	2,7863
	[t-5, t+5]	-0,0205	-0,2293	0,0714 **	2,1916	0,0587 *	1,8805
	[t-3, t+3]	-0,0080	-0,0978	0,0562 *	1,6826	0,0482	1,5450
	[t-1, t+1]	0,0451	0,6631	0,0411	1,2466	0,0450	1,5222
	[t-1, t+3]	-0,0069	-0,0860	0,0517	1,5124	0,0444	1,4022
	[t-1, t+10]	0,0242	0,2837	0,0706 **	1,9904	0,0659 **	1,9994
<i>Relatedness</i>	[t-10, t+10]	0,0094	0,1234	-0,0051	-0,1412	-0,0023	-0,0706
	[t-5, t+5]	-0,0385	-0,4291	-0,0054	-0,1646	-0,0087	-0,2757
	[t-3, t+3]	-0,0332	-0,4053	-0,0006	-0,0190	-0,0027	-0,0867
	[t-1, t+1]	0,0223	0,3276	-0,0014	-0,0432	0,0046	0,1538
	[t-1, t+3]	-0,0223	-0,2760	-0,0060	-0,1745	-0,0044	-0,1394
	[t-1, t+10]	-0,0309	-0,3622	-0,0009	-0,0244	-0,0032	-0,0970
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,1104 ***	2,8691
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0952 **	2,6001
	[t-3, t+3]	N/A	N/A	N/A	N/A	0,0921 **	2,5187
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0593 *	1,7096
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0925 **	2,4934
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,1112 ***	2,8781
<i>Boom/bust</i>	[t-10, t+10]	-0,0110	-0,1800	0,1013 ***	3,2201	0,0845 ***	3,0069
	[t-5, t+5]	0,0663	0,9155	0,0815 ***	2,8550	0,0829 **	3,0953
	[t-3, t+3]	0,0539	0,8152	0,0574 *	1,9601	0,0610 **	2,2799
	[t-1, t+1]	0,0356	0,6453	0,0694 **	2,4026	0,0662 ***	2,6110
	[t-1, t+3]	0,0769	1,1802	0,0624 **	2,0829	0,0698 **	2,5732
	[t-1, t+10]	0,0629	0,9121	0,0724 **	2,3298	0,0735 **	2,6043
<i>R²</i>	[t-10, t+10]		0,1814		0,2074		0,1900
	[t-5, t+5]		0,1472		0,1596		0,1439
	[t-3, t+3]		0,1722		0,0919		0,0999
	[t-1, t+1]		0,1464		0,0933		0,0926
	[t-1, t+3]		0,1940		0,0963		0,1059
	[t-1, t+10]		0,1624		0,1414		0,1396
<i>No. in Sample</i>			33		133		166

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 9 – Results, Market Average Return Model - Norway

		Hostile		Friendly		Total Norway	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,2728	1,2223	0,0975	1,4840	0,0989	1,6269
	[t-5, t+5]	0,2720	1,8001	0,1140 *	1,8325	0,1143	2,0562
	t-3, t+3	0,2915	1,7692	0,0823	1,2890	0,0916	1,5974
	[t-1, t+1]	0,2159	1,8066	0,0573	0,9678	0,0583	1,1272
	[t-1, t+3]	0,2297	1,8403	0,0444	0,7179	0,0425	0,7851
	[t-1, t+10]	0,2380	1,3862	0,0119	0,1615	0,0096	0,1467
<i>Successfulness</i>	[t-10, t+10]	0,2000	1,1337	0,0429	0,7206	0,0495	0,9296
	[t-5, t+5]	0,1770	1,4822	-0,0190	-0,3376	-0,0086	-0,1769
	t-3, t+3	0,1684	1,2930	0,0118	0,2040	0,0135	0,2697
	[t-1, t+1]	0,1590	1,6839	0,0252	0,4694	0,0341	0,7528
	[t-1, t+3]	0,1798	1,8231	0,0339	0,6046	0,0468	0,9881
	[t-1, t+10]	0,1600	1,1795	0,0556	0,8295	0,0604	1,0574
<i>Country of Acquirer</i>	[t-10, t+10]	0,1404	0,7603	0,1040 **	2,4468	0,1144 ***	2,7807
	[t-5, t+5]	0,0921	0,7373	0,0782 *	1,9439	0,0870 **	2,3113
	t-3, t+3	0,1504	1,1037	0,0601	1,4538	0,0736 *	1,8968
	[t-1, t+1]	0,1574	1,5922	0,0775 **	2,0214	0,0876 **	2,5019
	[t-1, t+3]	0,1567	1,5185	0,0449	1,1229	0,0572	1,5615
	[t-1, t+10]	0,1332	0,9381	0,0460	0,9621	0,0598	1,3549
<i>Payment Method</i>	[t-10, t+10]	-0,2631	-0,9343	-0,0503	-0,9488	-0,0596	-1,1353
	[t-5, t+5]	-0,1413	-0,7412	0,0040	0,0953	0,0043	0,0898
	t-3, t+3	-0,1481	-0,7127	0,0293	0,5675	0,0212	0,4271
	[t-1, t+1]	-0,1599	-1,0609	0,0274	0,5732	0,0174	0,3903
	[t-1, t+3]	-0,1839	-1,1680	0,0588	1,1800	0,0457	0,9788
	[t-1, t+10]	-0,1840	-0,8498	0,0620	1,0395	0,0529	0,9395
<i>Relatedness</i>	[t-10, t+10]	-0,2200	-0,9397	0,0053	0,1190	-0,0110	-0,2529
	[t-5, t+5]	-0,2523	-1,5920	0,0040	0,0953	-0,0137	-0,3460
	t-3, t+3	-0,1871	-1,0826	-0,0108	-0,2499	-0,0287	-0,7004
	[t-1, t+1]	-0,1111	-0,8862	-0,0010	-0,0236	-0,0107	-0,2897
	[t-1, t+3]	-0,1161	-0,8868	-0,0289	-0,6909	-0,0369	-0,9540
	[t-1, t+10]	-0,1743	-0,9678	-0,0355	-0,7113	-0,0466	-1,0006
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,0221	0,3669
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0245	0,4443
	t-3, t+3	N/A	N/A	N/A	N/A	0,0601	1,0562
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0337	0,6560
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0432	0,8053
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,0968	1,4962
<i>Boom/bust</i>	[t-10, t+10]	0,1445	1,0722	0,0557	1,3120	0,0624	1,5672
	[t-5, t+5]	0,1006	1,1030	0,0685 *	1,7018	0,0678 *	1,8605
	t-3, t+3	0,0326	0,3273	0,0684	1,6551	0,0575	1,5297
	[t-1, t+1]	0,0485	0,6722	0,0486	1,2687	0,0447	1,3189
	[t-1, t+3]	0,0770	1,0226	0,0665	1,6632	0,0641 *	1,8092
	[t-1, t+10]	0,1768	1,7058	0,0455	0,9529	0,0596	1,3960
<i>R²</i>	[t-10, t+10]		0,3998		0,0969		0,1187
	[t-5, t+5]		0,5315		0,0779		0,1079
	t-3, t+3		0,4797		0,0646		0,1016
	[t-1, t+1]		0,5507		0,0783		0,1045
	[t-1, t+3]		0,5559		0,0800		0,1049
	[t-1, t+10]		0,4876		0,0576		0,1046
<i>No. in Sample</i>			14		81		95

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 10 – Results, Market Model – Norway

		Hostile		Friendly		Total Norway	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,2088	1,2836	0,0792	1,1029	0,0764	1,2057
	[t-5, t+5]	0,2423	1,6867	0,1043	1,5743	0,1016 *	1,7395
	t-3, t+3	0,2367	1,5935	0,0697	1,0492	0,0762	1,3046
	[t-1, t+1]	0,2125	1,6643	0,0532	0,8878	0,0762	1,3046
	[t-1, t+3]	0,2147 *	1,8905	0,0345	0,5497	0,0376	0,6903
	[t-1, t+10]	0,2218	1,6041	-0,0058	-0,0753	0,0001	0,0011
<i>Successfulness</i>	[t-10, t+10]	0,1721	1,3388	0,0570	0,8762	0,0616	1,1125
	[t-5, t+5]	0,1814	1,5981	0,0089	0,1481	0,0184	0,3600
	t-3, t+3	0,1657	1,4119	0,0383	0,6366	0,0374	0,7324
	[t-1, t+1]	0,1699	1,6832	0,0358	0,6588	0,0374	0,7324
	[t-1, t+3]	0,1639	1,8254	0,0494	0,8690	0,0550	1,1521
	[t-1, t+10]	0,1468	1,3431	0,0663	0,9517	0,0642	1,1005
<i>Country of Acquirer</i>	[t-10, t+10]	0,1445	1,0740	0,0788	1,6953	0,0918 **	2,1423
	[t-5, t+5]	0,0593	0,4995	0,0591	1,3785	0,0672 *	1,7006
	t-3, t+3	0,0683	0,5560	0,0519	1,2096	0,0608	1,5388
	[t-1, t+1]	0,1343	1,2715	0,0529	1,3642	0,0608	1,5388
	[t-1, t+3]	0,1563	1,6636	0,0504	1,2412	0,0628 *	1,7013
	[t-1, t+10]	0,0990	0,8659	0,0494	0,9937	0,0596	1,3214
<i>Payment Method</i>	[t-10, t+10]	-0,2154	-1,0496	-0,0054	-0,0930	-0,0126	-0,2307
	[t-5, t+5]	-0,1246	-0,6878	0,0193	0,3619	0,0129	0,2551
	t-3, t+3	-0,0990	-0,5284	0,0299	0,5583	0,0256	0,5074
	[t-1, t+1]	-0,1641	-1,0186	0,0489	1,0111	0,0256	0,5074
	[t-1, t+3]	-0,1692	-1,1809	0,0562	1,1091	0,0455	0,9667
	[t-1, t+10]	-0,1592	-0,9128	0,0768	1,2377	0,0684	1,1884
<i>Relatedness</i>	[t-10, t+10]	-0,1859	-1,0893	-0,0147	-0,3035	-0,0275	-0,6087
	[t-5, t+5]	-0,2585	-1,7158	-0,0059	-0,1313	-0,0221	-0,5308
	t-3, t+3	-0,2395	-1,5370	-0,0152	-0,3383	-0,0331	-0,7938
	[t-1, t+1]	-0,1221	-0,9114	-0,0227	-0,5597	-0,0331	-0,7938
	[t-1, t+3]	-0,1182	-0,9919	-0,0266	-0,6262	-0,0365	-0,9371
	[t-1, t+10]	-0,1964	-1,3542	-0,0339	-0,6522	-0,0473	-0,0473
<i>Friendly/Hostile</i>	[t-10, t+10]	N/A	N/A	N/A	N/A	0,0155	0,2465
	[t-5, t+5]	N/A	N/A	N/A	N/A	0,0258	0,4457
	t-3, t+3	N/A	N/A	N/A	N/A	0,0472	0,8140
	[t-1, t+1]	N/A	N/A	N/A	N/A	0,0472	0,8140
	[t-1, t+3]	N/A	N/A	N/A	N/A	0,0391	0,7237
	[t-1, t+10]	N/A	N/A	N/A	N/A	0,0701	0,0701
<i>Boom/bust</i>	[t-10, t+10]	0,1547	1,5758	0,0255	0,5498	0,0395	0,9524
	[t-5, t+5]	0,1297	1,4963	0,0488	1,1390	0,0556	1,4542
	t-3, t+3	0,0982	1,0954	0,0495	1,1519	0,0508	1,3270
	[t-1, t+1]	0,0509	0,6607	0,0499	1,2874	0,0508	1,3270
	[t-1, t+3]	0,0716	1,0445	0,0532	1,3103	0,0513	1,4365
	[t-1, t+10]	0,1667 *	1,9968	0,0382	0,7694	0,0502	1,1491
<i>R²</i>	[t-10, t+10]		0,5239		0,0548		0,0813
	[t-5, t+5]		0,5362		0,0427		0,0687
	t-3, t+3		0,4836		0,0482		0,0753
	[t-1, t+1]		0,4959		0,0713		0,0753
	[t-1, t+3]		0,5921		0,0759		0,0993
	[t-1, t+10]		0,5627		0,0644		0,0912
<i>No. in Sample</i>			14		81		95

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 11 – Results, Market Adjusted Return Model – Total

		Sweden		Norway		Scandinavia	
		<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>	<i>Coefficient</i>	<i>t-stat</i>
<i>Intercept</i>	[t-10, t+10]	-0,0427	-0,7815	0,0989	1,6269	0,0156	0,3803
	[t-5, t+5]	-0,0043	-0,0826	0,1143	2,0562	0,0651 *	1,7202
	[t-3, t+3]	0,0372	0,7171	0,0916	1,5974	0,0852 **	2,2519
	[t-1, t+1]	0,0590	1,1962	0,0583	1,1272	0,0748 **	2,1139
	[t-1, t+3]	0,0270	0,5225	0,0425	0,7851	0,0554	1,5052
	[t-1, t+10]	-0,0432	-0,7813	0,0096	0,1467	0,0184	0,4437
<i>Successfulness</i>	[t-10, t+10]	0,1139 **	2,2761	0,0495	0,9296	0,0808 **	2,3412
	[t-5, t+5]	0,1048 **	2,1959	-0,0086	-0,1769	0,0409	1,2857
	[t-3, t+3]	0,0704	1,4797	0,0135	0,2697	0,0236	0,7421
	[t-1, t+1]	0,0455	1,0088	0,0341	0,7528	0,0333	1,1182
	[t-1, t+3]	0,0779	1,6475	0,0468	0,9881	0,0503	1,6274
	[t-1, t+10]	0,1293 **	2,5544	0,0604	1,0574	0,0708 **	2,0359
<i>Country of Acquirer</i>	[t-10, t+10]	0,0712 **	2,3274	0,1144 ***	2,7807	0,0345	1,3836
	[t-5, t+5]	0,0383	1,3147	0,0870 **	2,3113	0,0217	0,9443
	[t-3, t+3]	0,0123	0,4223	0,0736 *	1,8968	0,0092	0,4014
	[t-1, t+1]	0,0173	0,6257	0,0876 **	2,5019	0,0076	0,3522
	[t-1, t+3]	0,0156	0,5390	0,0572	1,5615	0,0048	0,2134
	[t-1, t+10]	0,0252	0,8151	0,0598	1,3549	0,0016	0,0628
<i>Payment Method</i>	[t-10, t+10]	0,0887 ***	2,6651	-0,0596	-1,1353	0,0562 **	1,9766
	[t-5, t+5]	0,0577 *	1,8158	0,0043	0,0898	0,0517 **	1,9743
	[t-3, t+3]	0,0561 *	1,7722	0,0212	0,4271	0,0571 **	2,1815
	[t-1, t+1]	0,0471	1,5687	0,0174	0,3903	0,0470 *	1,9189
	[t-1, t+3]	0,0498	1,5832	0,0457	0,9788	0,0576 **	2,2654
	[t-1, t+10]	0,0656 *	1,9482	0,0529	0,9395	0,0752 ***	2,6295
<i>Relatedness</i>	[t-10, t+10]	0,0053	0,1569	-0,0110	-0,2529	-0,0228	-0,8663
	[t-5, t+5]	-0,0021	-0,0644	-0,0137	-0,3460	-0,0226	-0,9291
	[t-3, t+3]	-0,0011	-0,0336	-0,0287	-0,7004	-0,0223	-0,9181
	[t-1, t+1]	0,0086	0,2845	-0,0107	-0,2897	-0,0127	-0,5591
	[t-1, t+3]	-0,0015	-0,0490	-0,0369	-0,9540	-0,0249	-1,0533
	[t-1, t+10]	-0,0025	-0,0732	-0,0466	-1,0006	-0,0315	-1,1863
<i>Friendly/Hostile</i>	[t-10, t+10]	0,1017 ***	2,6060	0,0221	0,3669	0,1145 ***	3,0992
	[t-5, t+5]	0,0975 ***	2,6191	0,0245	0,4443	0,0891 ***	2,6149
	[t-3, t+3]	0,0952 **	2,5666	0,0601	1,0562	0,0848 **	2,4910
	[t-1, t+1]	0,0570	1,6177	0,0337	0,6560	0,0641 **	2,0137
	[t-1, t+3]	0,0905 **	2,4512	0,0432	0,8053	0,0861 ***	2,6043
	[t-1, t+10]	0,1092 ***	2,7656	0,0968	1,4962	0,0974 ***	2,6178
<i>Boom/bust</i>	[t-10, t+10]	0,0975 ***	3,4179	0,0624	1,5672	0,0893 ***	3,8079
	[t-5, t+5]	0,0855 ***	3,1412	0,0678 *	1,8605	0,0797 ***	3,6871
	[t-3, t+3]	0,0561 **	2,0685	0,0575	1,5297	0,0563 ***	2,6067
	[t-1, t+1]	0,0660 **	2,5641	0,0447	1,3189	0,0587 ***	2,9046
	[t-1, t+3]	0,0661 **	2,4505	0,0641 *	1,8092	0,0655 ***	3,1212
	[t-1, t+10]	0,0779 ***	2,6979	0,0596	1,3960	0,0750 ***	3,1742
<i>R²</i>	[t-10, t+10]	0,2107		0,1187		0,1236	
	[t-5, t+5]	0,1533		0,1079		0,1028	
	[t-3, t+3]	0,1038		0,1016		0,0761	
	[t-1, t+1]	0,0922		0,1045		0,0708	
	[t-1, t+3]	0,1077		0,1049		0,0937	
	[t-1, t+10]	0,1453		0,1046		0,1050	
<i>No. in Sample</i>	166		95		261		

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 12 - Results, Market Model – Total

		Sweden		Norway		Scandinavia	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	-0,0049	-0,0917	0,0764	1,2057	0,0106	0,2655
	[t-5, t+5]	0,0206	0,4012	0,1016 *	1,7395	0,0512	1,3764
	[t-3, t+3]	0,0572	1,1172	0,0762	1,3046	0,0630 *	1,6978
	[t-1, t+1]	0,0600	1,2366	0,0762	1,3046	0,0545	1,5761
	[t-1, t+3]	0,0340	0,6538	0,0376	0,6903	0,0352	0,9625
	[t-1, t+10]	-0,0188	-0,3481	0,0001	0,0011	-0,0103	-0,2562
<i>Successfulness</i>	[t-10, t+10]	0,0843 *	1,7105	0,0616	1,1125	0,0851 **	2,3627
	[t-5, t+5]	0,0865 *	1,8431	0,0184	0,3600	0,0601 *	1,8001
	[t-3, t+3]	0,0607	1,2942	0,0374	0,7324	0,0538	1,6163
	[t-1, t+1]	0,0485	1,0911	0,0374	0,7324	0,0529 *	1,7057
	[t-1, t+3]	0,0775	1,6292	0,0550	1,1521	0,0727 **	2,2136
	[t-1, t+10]	0,1062 **	2,1454	0,0642	1,1005	0,0927 **	2,5592
<i>Country of Acquirer</i>	[t-10, t+10]	0,0532 *	1,7644	0,0918 **	2,1423	0,0687 ***	2,7748
	[t-5, t+5]	0,0280	0,9759	0,0672 *	1,7006	0,0432 *	1,8811
	[t-3, t+3]	0,0061	0,2121	0,0608	1,5388	0,0266	1,1612
	[t-1, t+1]	0,0155	0,5694	0,0608	1,5388	0,0339	1,5858
	[t-1, t+3]	0,0102	0,3505	0,0628 *	1,7013	0,0305	1,3483
	[t-1, t+10]	0,0179	0,5923	0,0596	1,3214	0,0353	1,4174
<i>Payment Method</i>	[t-10, t+10]	0,0914 ***	2,7863	-0,0126	-0,2307	0,0545 *	1,9627
	[t-5, t+5]	0,0587 *	1,8805	0,0129	0,2551	0,0424	1,6450
	[t-3, t+3]	0,0482	1,5450	0,0256	0,5074	0,0398	1,5506
	[t-1, t+1]	0,0450	1,5222	0,0256	0,5074	0,0399 *	1,6640
	[t-1, t+3]	0,0444	1,4022	0,0455	0,9667	0,0420 *	1,6572
	[t-1, t+10]	0,0659 **	1,9994	0,0684	1,1884	0,0628 **	2,2448
<i>Relatedness</i>	[t-10, t+10]	-0,0023	-0,0706	-0,0275	-0,6087	-0,0106	-0,3957
	[t-5, t+5]	-0,0087	-0,2757	-0,0221	-0,5308	-0,0146	-0,5871
	[t-3, t+3]	-0,0027	-0,0867	-0,0331	-0,7938	-0,0152	-0,6128
	[t-1, t+1]	0,0046	0,1538	-0,0331	-0,7938	-0,0094	-0,4078
	[t-1, t+3]	-0,0044	-0,1394	-0,0365	-0,9371	-0,0177	-0,7209
	[t-1, t+10]	-0,0032	-0,0970	-0,0473	-0,0473	-0,0204	-0,7558
<i>Friendly/Hostile</i>	[t-10, t+10]	0,1104 ***	2,8691	0,0155	0,2465	0,0874 ***	2,6610
	[t-5, t+5]	0,0952 **	2,6001	0,0258	0,4457	0,0770 **	2,5263
	[t-3, t+3]	0,0921 **	2,5187	0,0472	0,8140	0,0826 ***	2,7197
	[t-1, t+1]	0,0593 *	1,7096	0,0472	0,8140	0,0514 *	1,8175
	[t-1, t+3]	0,0925 **	2,4934	0,0391	0,7237	0,0813 ***	2,7153
	[t-1, t+10]	0,1112 ***	2,8781	0,0701	0,0701	0,1038 ***	3,1421
<i>Boom/bust</i>	[t-10, t+10]	0,0845 ***	3,0069	0,0395	0,9524	0,0730 ***	3,1502
	[t-5, t+5]	0,0829 **	3,0953	0,0556	1,4542	0,0736 ***	3,4234
	[t-3, t+3]	0,0610 **	2,2799	0,0508	1,3270	0,0564 ***	2,6335
	[t-1, t+1]	0,0662 ***	2,6110	0,0508	1,3270	0,0591 ***	2,9604
	[t-1, t+3]	0,0698 **	2,5732	0,0513	1,4365	0,0623 ***	2,9502
	[t-1, t+10]	0,0735 **	2,6043	0,0502	1,1491	0,0659 ***	2,8283
<i>R²</i>	[t-10, t+10]		0,1900		0,0813		0,1264
	[t-5, t+5]		0,1439		0,0687		0,1067
	[t-3, t+3]		0,0999		0,0753		0,0817
	[t-1, t+1]		0,0926		0,0753		0,0805
	[t-1, t+3]		0,1059		0,0993		0,0951
	[t-1, t+10]		0,1396		0,0912		0,1145
<i>No. in Sample</i>		166		95		261	

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 13 - Results, Market Adjusted Return Model – Hostile

		Sweden		Norway		Scandinavia	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,1835 **	2,5200	0,2728	1,2223	0,1565 **	2,1148
	[t-5, t+5]	0,2061 **	2,3509	0,2720	1,8001	0,2021 ***	2,7805
	[t-3, t+3]	0,2202 ***	2,8015	0,2915	1,7692	0,2109 ***	3,0266
	[t-1, t+1]	0,1686 **	2,3921	0,2159	1,8066	0,1466 **	2,4030
	[t-1, t+3]	0,1857 **	2,4789	0,2297	1,8403	0,1654 **	2,5873
	[t-1, t+10]	0,1651 *	2,0463	0,2380	1,3862	0,1436 **	2,0556
<i>Successfulness</i>	[t-10, t+10]	0,0815	1,3113	0,2000	1,1337	0,0999	1,6688
	[t-5, t+5]	0,1124	1,5024	0,1770	1,4822	0,0911	1,5480
	[t-3, t+3]	0,0507	0,7558	0,1684	1,2930	0,0393	0,6964
	[t-1, t+1]	-0,0001	-0,0017	0,1590	1,6839	0,0185	0,3755
	[t-1, t+3]	0,0508	0,7942	0,1798	1,8231	0,0572	1,1059
	[t-1, t+10]	0,0942	1,3686	0,1600	1,1795	0,0804	1,4212
<i>Country of Acquirer</i>	[t-10, t+10]	-0,0670	-0,9798	0,1404	0,7603	-0,0193	0,5649
	[t-5, t+5]	-0,0957	-1,1615	0,0921	0,7373	-0,0346	-0,5117
	[t-3, t+3]	-0,1239	-1,6784	0,1504	1,1037	-0,0467	-0,7198
	[t-1, t+1]	-0,0659	-0,9957	0,1574	1,5922	-0,0116	-0,2042
	[t-1, t+3]	-0,1067	-1,5160	0,1567	1,5185	-0,0402	-0,6752
	[t-1, t+10]	-0,1047	-1,3818	0,1332	0,9381	-0,0384	-0,5892
<i>Payment Method</i>	[t-10, t+10]	0,0729	0,9798	-0,2631	-0,9343	0,0437	0,5649
	[t-5, t+5]	-0,0281	-0,3140	-0,1413	-0,7412	-0,0086	-0,1138
	[t-3, t+3]	0,0314	0,3909	-0,1481	-0,7127	0,0437	0,5993
	[t-1, t+1]	0,0690	0,9576	-0,1599	-1,0609	0,0541	0,8488
	[t-1, t+3]	0,0332	0,4342	-0,1839	-1,1680	0,0281	0,4198
	[t-1, t+10]	0,0428	0,5187	-0,1840	-0,8498	0,0523	0,7164
<i>Relatedness</i>	[t-10, t+10]	0,0002	0,0029	-0,2200	-0,9397	-0,0618	-0,7939
	[t-5, t+5]	-0,0457	-0,5094	-0,2523	-1,5920	-0,1061	-1,3884
	[t-3, t+3]	-0,0301	-0,3744	-0,1871	-1,0826	-0,0793	-1,0822
	[t-1, t+1]	0,0384	0,5325	-0,1111	-0,8862	-0,0010	-0,0161
	[t-1, t+3]	0,0023	0,0296	-0,1161	-0,8868	-0,0359	-0,5347
	[t-1, t+10]	-0,0331	-0,4014	-0,1743	-0,9678	-0,0808	-1,1002
<i>Boom/bust</i>	[t-10, t+10]	0,0172	0,2850	0,1445	1,0722	0,0458	0,7715
	[t-5, t+5]	0,0874	1,2045	0,1006	1,1030	0,0891	1,5281
	[t-3, t+3]	0,0471	0,7247	0,0326	0,3273	0,0427	0,7644
	[t-1, t+1]	0,0245	0,4198	0,0485	0,6722	0,0304	0,6218
	[t-1, t+3]	0,0608	0,9799	0,0770	1,0226	0,0651	1,2686
	[t-1, t+10]	0,0620	0,9291	0,1768	1,7058	0,0908	1,6196
<i>R²</i>	[t-10, t+10]	0,1610		0,3998		0,0871	
	[t-5, t+5]	0,1549		0,5315		0,1227	
	[t-3, t+3]	0,1390		0,4797		0,0453	
	[t-1, t+1]	0,1480		0,5507		0,0436	
	[t-1, t+3]	0,1681		0,5559		0,0844	
	[t-1, t+10]	0,1634		0,4876		0,1204	
<i>No. in Sample</i>		33		14		47	

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 14 – Results, Market Model - Hostile

		Sweden		Norway		Scandinavia	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	0,2283 ***	3,0792	0,2088	1,2836	0,1771 **	2,4664
	[t-5, t+5]	0,2304 **	2,6314	0,2423	1,6867	0,2095 ***	2,9061
	[t-3, t+3]	0,2509 ***	3,1391	0,2367	1,5935	0,2251 ***	3,2891
	[t-1, t+1]	0,1790 **	2,6882	0,2125	1,6643	0,1572 **	2,6651
	[t-1, t+3]	0,2135 **	2,7102	0,2147 *	1,8905	0,1919 ***	2,9004
	[t-1, t+10]	0,1992 **	2,3900	0,2218	1,6041	0,1718 **	2,4636
<i>Successfulness</i>	[t-10, t+10]	0,0621	0,9809	0,1721	1,3388	0,0890	1,5310
	[t-5, t+5]	0,1001	1,3393	0,1814	1,5981	0,0901	1,5437
	[t-3, t+3]	0,0628	0,9209	0,1657	1,4119	0,0552	0,9970
	[t-1, t+1]	0,0188	0,3314	0,1699	1,6832	0,0381	0,7975
	[t-1, t+3]	0,0726	1,0797	0,1639	1,8254	0,0694	1,2965
	[t-1, t+10]	0,0817	1,1486	0,1468	1,3431	0,0737	1,3054
<i>Country of Acquirer</i>	[t-10, t+10]	-0,1023	-1,4679	0,1445	1,0740	-0,0458	-0,6847
	[t-5, t+5]	-0,1196	-1,4545	0,0593	0,4995	-0,0617	-0,9178
	[t-3, t+3]	-0,1481 *	-1,9724	0,0683	0,5560	-0,0804	-1,2614
	[t-1, t+1]	-0,0796	-1,2730	0,1343	1,2715	-0,0279	-0,5072
	[t-1, t+3]	-0,1365 *	-1,8451	0,1563	1,6636	-0,0600	-0,9741
	[t-1, t+10]	-0,1284	-1,6406	0,0990	0,8659	-0,0643	-0,9893
<i>Payment Method</i>	[t-10, t+10]	0,0805	1,0619	-0,2154	-1,0496	0,0507	0,6752
	[t-5, t+5]	-0,0205	-0,2293	-0,1246	-0,6878	-0,0050	-0,0669
	[t-3, t+3]	-0,0080	-0,0978	-0,0990	-0,5284	0,0103	0,1444
	[t-1, t+1]	0,0451	0,6631	-0,1641	-1,0186	0,0298	0,4835
	[t-1, t+3]	-0,0069	-0,0860	-0,1692	-1,1809	-0,0029	-0,0420
	[t-1, t+10]	0,0242	0,2837	-0,1592	-0,9128	0,0310	0,4253
<i>Relatedness</i>	[t-10, t+10]	0,0094	0,1234	-0,1859	-1,0893	-0,0518	-0,6858
	[t-5, t+5]	-0,0385	-0,4291	-0,2585	-1,7158	-0,0999	-1,3171
	[t-3, t+3]	-0,0332	-0,4053	-0,2395	-1,5370	-0,0917	-1,2746
	[t-1, t+1]	0,0223	0,3276	-0,1221	-0,9114	-0,0163	-0,2623
	[t-1, t+3]	-0,0223	-0,2760	-0,1182	-0,9919	-0,0622	-0,8936
	[t-1, t+10]	-0,0309	-0,3622	-0,1964	-1,3542	-0,0850	-1,1594
<i>Boom/bust</i>	[t-10, t+10]	-0,0110	-0,1800	0,1547	1,5758	0,0321	0,5576
	[t-5, t+5]	0,0663	0,9155	0,1297	1,4963	0,0836	1,4457
	[t-3, t+3]	0,0539	0,8152	0,0982	1,0954	0,0681	1,2411
	[t-1, t+1]	0,0356	0,6453	0,0509	0,6607	0,0395	0,8351
	[t-1, t+3]	0,0769	1,1802	0,0716	1,0445	0,0770	1,4512
	[t-1, t+10]	0,0629	0,9121	0,1667 *	1,9968	0,0900	1,6096
<i>R²</i>	[t-10, t+10]		0,1814		0,5239		0,0809
	[t-5, t+5]		0,1472		0,5362		0,1218
	[t-3, t+3]		0,1722		0,4836		0,0952
	[t-1, t+1]		0,1464		0,4959		0,0505
	[t-1, t+3]		0,1940		0,5921		0,1078
	[t-1, t+10]		0,1624		0,5627		0,1181
<i>No. in Sample</i>		33		14		47	

* p < 0,10

** p < 0,05

*** p < 0,01

Appendix 15 – Results, Market Adjusted Return Model – Friendly

		Sweden		Norway		Scandinavia	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	-0,0859	-1,0903	0,0792	1,1029	-0,0088	-0,1739
	[t-5, t+5]	-0,0342	-0,4777	0,1043	1,5743	0,0405	0,8840
	[t-3, t+3]	-0,0041	-0,0556	0,0697	1,0492	0,0371	0,8010
	[t-1, t+1]	-0,0007	-0,0096	0,0532	0,8878	0,0343	0,7760
	[t-1, t+3]	-0,0272	-0,3626	0,0345	0,5497	0,0124	0,2687
	[t-1, t+10]	-0,1093	-1,4032	-0,0058	-0,0753	-0,0462	-0,9034
<i>Successfulness</i>	[t-10, t+10]	0,1521 **	2,0177	0,0570	0,8762	0,0922 *	1,9341
	[t-5, t+5]	0,1228 *	1,7931	0,0089	0,1481	0,0540	1,2478
	[t-3, t+3]	0,1071	1,5268	0,0383	0,6366	0,0668	1,5290
	[t-1, t+1]	0,1057	1,5265	0,0358	0,6588	0,0673	1,6131
	[t-1, t+3]	0,1272 *	1,7709	0,0494	0,8690	0,0840 *	1,9349
	[t-1, t+10]	0,1839 **	2,4681	0,0663	0,9517	0,1184 **	2,4515
<i>Country of Acquirer</i>	[t-10, t+10]	0,0879 ***	2,6352	0,0788	1,6953	0,0886 ***	3,2962
	[t-5, t+5]	0,0580 *	1,9166	0,0591	1,3785	0,0591 **	2,4236
	[t-3, t+3]	0,0395	1,2741	0,0519	1,2096	0,0442 *	1,7951
	[t-1, t+1]	0,0401	1,3087	0,0529	1,3642	0,0458 *	1,9466
	[t-1, t+3]	0,0438	1,3801	0,0504	1,2412	0,0464 *	1,8983
	[t-1, t+10]	0,0523	1,5877	0,0494	0,9937	0,0528 *	1,9415
<i>Payment Method</i>	[t-10, t+10]	0,0864 **	2,4090	-0,0054	-0,0930	0,0560 *	1,8695
	[t-5, t+5]	0,0714 **	2,1916	0,0193	0,3619	0,0529 *	1,9431
	[t-3, t+3]	0,0562 *	1,6826	0,0299	0,5583	0,0462 *	1,6817
	[t-1, t+1]	0,0411	1,2466	0,0489	1,0111	0,0414	1,5784
	[t-1, t+3]	0,0517	1,5124	0,0562	1,1091	0,0506 *	1,8550
	[t-1, t+10]	0,0706 **	1,9904	0,0768	1,2377	0,0688 **	2,2663
<i>Relatedness</i>	[t-10, t+10]	-0,0051	-0,1412	-0,0147	-0,3035	-0,0066	-0,2284
	[t-5, t+5]	-0,0054	-0,1646	-0,0059	-0,1313	-0,0045	-0,1693
	[t-3, t+3]	-0,0006	-0,0190	-0,0152	-0,3383	-0,0058	-0,2194
	[t-1, t+1]	-0,0014	-0,0432	-0,0227	-0,5597	-0,0095	-0,3756
	[t-1, t+3]	-0,0060	-0,1745	-0,0266	-0,6262	-0,0136	-0,5156
	[t-1, t+10]	-0,0009	-0,0244	-0,0339	-0,6522	-0,0126	-0,4297
<i>Boom/bust</i>	[t-10, t+10]	0,1013 ***	3,2201	0,0255	0,5498	0,0807 ***	3,1603
	[t-5, t+5]	0,0815 ***	2,8550	0,0488	1,1390	0,0726 ***	3,1328
	[t-3, t+3]	0,0574 *	1,9601	0,0495	1,1519	0,0553 **	2,3643
	[t-1, t+1]	0,0694 **	2,4026	0,0499	1,2874	0,0626 ***	2,8017
	[t-1, t+3]	0,0624 **	2,0829	0,0532	1,3103	0,0596 **	2,5624
	[t-1, t+10]	0,0724 **	2,3298	0,0382	0,7694	0,0624 **	2,4148
<i>R²</i>	[t-10, t+10]		0,2074		0,0548		0,1323
	[t-5, t+5]		0,1596		0,0427		0,1035
	[t-3, t+3]		0,0919		0,0482		0,0710
	[t-1, t+1]		0,0933		0,0713		0,0825
	[t-1, t+3]		0,0963		0,0759		0,0863
	[t-1, t+10]		0,1414		0,0644		0,0806
<i>No. in Sample</i>		133		81		214	

* p < 0,10
** p < 0,05
*** p < 0,01

Appendix 16 – Results, Market Model - Friendly

		Sweden		Norway		Scandinavia	
		Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
<i>Intercept</i>	[t-10, t+10]	-0,0859	-1,0903	0,0792	1,1029	-0,0088	-0,1739
	[t-5, t+5]	-0,0342	-0,4777	0,1043	1,5743	0,0405	0,8840
	[t-3, t+3]	-0,0041	-0,0556	0,0697	1,0492	0,0371	0,8010
	[t-1, t+1]	-0,0007	-0,0096	0,0532	0,8878	0,0343	0,7760
	[t-1, t+3]	-0,0272	-0,3626	0,0345	0,5497	0,0124	0,2687
	[t-1, t+10]	-0,1093	-1,4032	-0,0058	-0,0753	-0,0462	-0,9034
<i>Successfulness</i>	[t-10, t+10]	0,1521 **	2,0177	0,0570	0,8762	0,0922 *	1,9341
	[t-5, t+5]	0,1228 *	1,7931	0,0089	0,1481	0,0540	1,2478
	[t-3, t+3]	0,1071	1,5268	0,0383	0,6366	0,0668	1,5290
	[t-1, t+1]	0,1057	1,5265	0,0358	0,6588	0,0673	1,6131
	[t-1, t+3]	0,1272 *	1,7709	0,0494	0,8690	0,0840 *	1,9349
	[t-1, t+10]	0,1839 **	2,4681	0,0663	0,9517	0,1184 **	2,4515
<i>Country of Acquirer</i>	[t-10, t+10]	0,0879 ***	2,6352	0,0788	1,6953	0,0886 ***	3,2962
	[t-5, t+5]	0,0580 *	1,9166	0,0591	1,3785	0,0591 **	2,4236
	[t-3, t+3]	0,0395	1,2741	0,0519	1,2096	0,0442 *	1,7951
	[t-1, t+1]	0,0401	1,3087	0,0529	1,3642	0,0458 *	1,9466
	[t-1, t+3]	0,0438	1,3801	0,0504	1,2412	0,0464 *	1,8983
	[t-1, t+10]	0,0523	1,5877	0,0494	0,9937	0,0528 *	1,9415
<i>Payment Method</i>	[t-10, t+10]	0,0864 **	2,4090	-0,0054	-0,0930	0,0560 *	1,8695
	[t-5, t+5]	0,0714 **	2,1916	0,0193	0,3619	0,0529 *	1,9431
	[t-3, t+3]	0,0562 *	1,6826	0,0299	0,5583	0,0462 *	1,6817
	[t-1, t+1]	0,0411	1,2466	0,0489	1,0111	0,0414	1,5784
	[t-1, t+3]	0,0517	1,5124	0,0562	1,1091	0,0506 *	1,8550
	[t-1, t+10]	0,0706 **	1,9904	0,0768	1,2377	0,0688 **	2,2663
<i>Relatedness</i>	[t-10, t+10]	-0,0051	-0,1412	-0,0147	-0,3035	-0,0066	-0,2284
	[t-5, t+5]	-0,0054	-0,1646	-0,0059	-0,1313	-0,0045	-0,1693
	[t-3, t+3]	-0,0006	-0,0190	-0,0152	-0,3383	-0,0058	-0,2194
	[t-1, t+1]	-0,0014	-0,0432	-0,0227	-0,5597	-0,0095	-0,3756
	[t-1, t+3]	-0,0060	-0,1745	-0,0266	-0,6262	-0,0136	-0,5156
	[t-1, t+10]	-0,0009	-0,0244	-0,0339	-0,6522	-0,0126	-0,4297
<i>Boom/bust</i>	[t-10, t+10]	0,1013 ***	3,2201	0,0255	0,5498	0,0807 ***	3,1603
	[t-5, t+5]	0,0815 ***	2,8550	0,0488	1,1390	0,0726 ***	3,1328
	[t-3, t+3]	0,0574 *	1,9601	0,0495	1,1519	0,0553 **	2,3643
	[t-1, t+1]	0,0694 **	2,4026	0,0499	1,2874	0,0626 ***	2,8017
	[t-1, t+3]	0,0624 **	2,0829	0,0532	1,3103	0,0596 **	2,5624
	[t-1, t+10]	0,0724 **	2,3298	0,0382	0,7694	0,0624 **	2,4148
<i>R²</i>	[t-10, t+10]		0,2074		0,0548		0,1323
	[t-5, t+5]		0,1596		0,0427		0,1035
	[t-3, t+3]		0,0919		0,0482		0,0710
	[t-1, t+1]		0,0933		0,0713		0,0825
	[t-1, t+3]		0,0963		0,0759		0,0863
	[t-1, t+10]		0,1414		0,0644		0,0806
<i>No. in Sample</i>		133		81		214	

* p < 0,10
 ** p < 0,05
 *** p < 0,01