

Contents

<i>List of figures</i>	x
<i>About the authors</i>	xi
<i>Preface</i>	xii
<i>Introduction</i>	xiii

PART I ON CORPORATE CONTROL AND GOVERNANCE PROCESSES IN FINANCIAL CAPITALISM

1	A theoretical platform	3
1.1	The purpose of this work	3
1.2	Setting the scene: early twenty-first century financial capitalism	4
1.3	An extensive empirical case study	7
1.4	Actors and institutions	10
1.5	Two perspectives on the corporation	14
1.6	Towards a revised theory of corporate governance	17
1.7	Shareholder rationales differ	21
1.8	Institutional differences create arbitrage opportunities	24
1.9	A few concluding remarks	31

PART II A CASE OVERVIEW

2	The Old Mutual–Skandia case: actors and context	39
2.1	A changing context	39
2.2	A turbulent period	40
2.3	Skandia in the early twenty-first century	41
2.4	Old Mutual up to the millennium	42
2.5	The main ingredients in our narration	44
2.6	Book overview	47

PART III A TARGET COMPANY: SKANDIA BEFORE APRIL 2004

3	A success – and a crash	55
3.1	Skandia 2003 – a troubled company	55

3.2	Shareholding restrictions	55
3.3	Skandia's successful unit-linked business	57
3.4	The embedded-value method	60
3.5	A crash	62
3.6	A tarnished brand	64
4	Skandia Life UK	68
4.1	A strained relationship	68
4.2	The acquisition of Bankhall	71
4.3	A power struggle	72
5	A takeover target	74
5.1	Changes in shareholding and board composition	74
5.2	A nomination committee	76
5.3	Passive shareholders	78
5.4	Turning the page with a new chair	80
5.5	Trying to form a future	81
5.6	A cancelled merger plan	82
5.7	A bonus scandal	84
5.8	Further shareholder changes	85
5.9	Skandia – a post-crisis company	86

PART IV THE ACTORS IN THE SKANDIA TAKEOVER: SKANDIA 2004

6	A new CEO, board and shareholder composition	91
6.1	A new CEO: Hans-Erik Andersson	91
6.2	A new set of shareholders	93
6.3	The new board of directors	96
7	Rebuilding Skandia	107
7.1	A platform	107
7.2	The AGM on 15 April 2004	108
7.3	A change of leadership	109
7.4	Governance ambiguities	113
8	Working for a stand-alone case or heading for a structural deal?	116
8.1	Internal problems	116
8.2	Presenting the 'Glue plan'	119
8.3	Project Pegasus	122
8.4	Skandia goes for stand-alone	125
8.5	Reporting the second quarter 2004	127
8.6	Shareholder activity	129
8.7	Skandia's CEO still in the driving seat	131

9	New kinds of shareholders enter the scene	136
9.1	Christer Gardell looks for allies	136
9.2	Skandia becomes a target	138
9.3	Chair Bernt Magnusson: Skandia open to sale	140
9.4	Activist Gardell acts	143
10	Old Mutual	147
10.1	The history of Old Mutual	147
10.2	Old Mutual expands abroad	149
10.3	An emerging interest for Skandia	150
PART V OLD MUTUAL GOES FOR SKANDIA (DECEMBER 2004 TO AUGUST 2005)		
11	Growing unease on the Skandia board	159
11.1	The Skandia board meeting on 22 December 2004	159
11.2	Christmas activities	160
11.3	Skandia's Turbo plan	162
11.4	Board dispute about the Morgan Stanley agreement	163
11.5	A first visit from Old Mutual	166
11.6	Growing tension on the Skandia board	168
11.7	Icelandic support for Cevian	171
11.8	Settlement with former chair Lars Ramqvist	172
11.9	Old Mutual prepares a bid	176
12	An indicative bid leaks out	179
12.1	New attempts to control the businesses in the UK	179
12.2	Old Mutual enters the arena	180
12.3	Structuring a cross-border bid	182
12.4	Old Mutual's proposal leaks out	185
12.5	Sceptical media	188
12.6	A board agreement on the Turbo plan	191
13	Summer of due diligence	195
13.1	Different opinions regarding Old Mutual's indicative bid	195
13.2	The suitors	198
13.3	A difficult board meeting	202
13.4	A letter from Fidelity	205
13.5	Lengthy due diligence	207
13.6	Attempting to sell parts of Skandia	208
14	Old Mutual's friendly bid	213
14.1	Trouble with financing the bid	213

14.2	The Morgan Stanley agreement	214
14.3	An eroding Skandia contest	215
14.4	A formal bid from Old Mutual	216
14.5	Meeting with Skandia's larger institutional shareholders	221
PART VI OLD MUTUAL ACQUIRES SKANDIA		
(SUMMER 2005 TO SPRING 2006)		
15	A divided board	227
15.1	The Fourth National Pension Fund states its position	227
15.2	Different opinions on Old Mutual's qualities	230
15.3	Two camps emerge on the Skandia board	232
15.4	A second shareholder meeting	235
15.5	A week of media speculation	237
15.6	Soft irrevocables from shareholders	242
15.7	The public bid	243
16	A controversial bid	247
16.1	Old Mutual's bid for Skandia	247
16.2	Early reactions to the bid	249
16.3	Initiating a board document	252
16.4	Emerging shareholder activity	252
16.5	Old Mutual top management meets the Skandia board	254
16.6	A cascade of arguments	256
17	Trying to keep Skandia independent	260
17.1	Activities in and around the Swedish AP funds	260
17.2	A critique of Morgan Stanley	263
17.3	The conflict with the Brits continues	264
17.4	Publishing the Turbo plan	265
17.5	A delicate political issue	266
18	A hostile bid	269
18.1	Public relations problems	269
18.2	Short selling Skandia shares	270
18.3	Planning for a blocking minority	271
18.4	Board vote and press conference	272
18.5	Swedish institutions acting in concert	275
18.6	Lowering the acceptance hurdle?	276
18.7	The question of national interest	277
19	Hedge funds intervene	281
19.1	Paulson & Co. takes a strong position in Skandia	281
19.2	Skandia's chair Bernt Magnusson resigns	282

19.3	Active hedge funds	283
19.4	Swedish institutional investors sell out	284
19.5	Playing by a new set of rules	286
19.6	The defence document	289
19.7	Bid reactions in South Africa	291
20	Facing a new reality	295
20.1	In search of a 'white knight'	295
20.2	Skandia Liv	296
20.3	Swedish minority rights	298
20.4	A letter from Skandia chair Lennart Jeansson	299
20.5	Skandia road show	300
20.6	A new nomination committee	302
20.7	Emerging markets' rally	303
20.8	Raising the bid?	306
21	Old Mutual acquires Skandia	310
21.1	Waiving the 90 per cent threshold	310
21.2	A winning strategy	312
21.3	The minority organizes its opposition	315
21.4	Old Mutual's final plan	316
21.5	Old Mutual in control	318
21.6	Further selling of Skandia shares	320
21.7	Epilogue	322
PART VII CONCLUSIONS		
22	Some conclusions on corporate control and governance processes in financial capitalism	329
22.1	Chapter overview	329
22.2	General observations	331
22.3	Differing views of the purpose of a limited company	335
22.4	The financial rationale dominates the scene	345
22.5	The functioning of the Skandia board and related agencies	361
22.6	Institutional competition	374
22.7	Where do we go from here?	382
	<i>Appendix A methodological note</i>	389
	<i>References</i>	395
	<i>Name index</i>	413
	<i>Subject index</i>	417