Dean&Francis

ISSN 2959-6130

The impact of the acquisition plan on the shareholders of the acquired company

Ruoyi Peng[1,*]

School of Economics and Management, Xidian University, Xi'an, China

*Corresponding author: PryZzz@outlook.com

Abstract:

This paper provides a comparative analysis of three corporate acquisition cases—CSX and Norfolk Southern's joint acquisition of Conrail, Fujian Electronic Information Group's acquisition of Holitech, and Keurig Dr Pepper's (KDP) acquisition of JDE Peet's—to evaluate how acquisition strategies impact shareholders of target companies. Through detailed examination of transaction structures, premium levels, payment methods, and market contexts, this study identifies key factors influencing shareholder outcomes. The findings reveal that acquisitions characterized by competitive bidding, high cash premiums, and clear strategic synergies—such as the Conrail and JDE Peet's deals—generally benefit target shareholders through immediate value realization and risk mitigation. In contrast, acquisitions driven by financial distress and poor post-acquisition integration—exemplified by the Holitech case—often lead to significant long-term losses for minority shareholders. This research underscores the importance of transparent valuation, regulatory oversight, and strategic alignment in safeguarding shareholder interests. It offers practical insights for investors, corporate decision-makers, and regulators in designing and evaluating acquisition strategies.

Keywords: Mergers and Acquisitions (M&A); Shareholder Value; Acquisition Premium; Case Study; Post-Acquisition Integration.

1. Introduction

The merger and acquisition restructuring of enterprises is the eternal theme of the capital market, and the impact of the acquisition plan on the interests of the shareholders of the acquired company is the key to determining the success or failure of the transaction. This article deeply analyzes three classic acquisition cases: CSX and Norfolk Southern Railway acquired Conrail, Fujian Electronic Information Group acquired Helitai, and Keurig Dr Pepper acquired JDE Peet's.

As an important activity in the capital market, corporate mergers and acquisitions (M&A) have always been the core issues of academic research and corporate practice. Against the backdrop of China's

ISSN 2959-6130

economic transformation and globalization, M&A has become a key way for enterprises to optimize resource allocation, enhance competitiveness, and achieve strategic expansion. According to relevant research on CNKI, the value of synergy effects in M&A and their evaluation methods have been the key research directions in recent years. Tang pointed out that the value creation of M&A is mainly achieved through synergy effects, including operational synergy, financial synergy, and management synergy. The quantitative evaluation of synergy effects is the key to the success of M&A [1]. Sheng and Li further emphasized that M&A and reorganization are not only means for enterprise expansion but also important ways to resolve over - capacity and promote industrial upgrading, especially playing a significant role in the reform of state - owned enterprises [2].

Based on the above research background on mergers and acquisitions, this paper evaluates the actual impact of these acquisitions on the shareholders of the acquired companies and reveals the logic of shareholder value creation under different acquisition strategies by analyzing the transaction background, plan details, premium level, payment method and consideration structure.

2. Case analysis of CSX joint acquisition of Conrail

The joint acquisition of Conrail by CSX Transport and Norfolk Southern is one of the most influential deals in the history of North American railways. The acquisition stems from the special background of Conrail. It is a state-owned enterprise formed by the U.S. government in 1976, which formed several declining northeastern railway systems, with a railway network of about 11,000 kilometers (U.S. Government Accountability Office, 1998). By the 1990s, although Conrail had begun to make a profit, the decentralized pattern of the eastern railway network in the United States still led to overall inefficiency.

2.1 Transaction structure and program details

2.1.1 Acquisition process

CSX and Norfolk Southern Railway jointly applied to the U.S. Bureau of Ground Transport on July 23, 1997, requesting the acquisition, division and operation of Conrail [3]. After nearly a year of approval, the application was approved on July 6, 1998, since it officially took effect on August 22, 1998.

2.1.2 Asset division

According to the final agreement, CSX subscribed to 42% of Conrail‘s assets, while Norfolk Southern Railway acquired the remaining 58% of its assets [4]. This distribution ratio reflects the degree of demand and negotiation strength of the two companies for Conrail assets.

2.1.3 Key assets

Through the transaction, CSX acquired a railway system (CSX Corporatpn.1999), which was about 3,800 kilometers long for the New York Center Line (the predecessor of the New York Central Railway), which originally belonged to Conrail. This key asset greatly enhances CSX‘s network coverage and operational capabilities in the eastern United States.

2.2 Analysis of the impact on the shareholders of the acquired company

2.2.1 High acquisition premium

Although the search results do not provide accurate acquisition premium data, historical data shows that the initial acquisition quotation of CSX and Norfolk Southern Railway was about 8.8 billion US dollars, and then forced to continuously increase the quotation during the bidding process, and finally sold at a total price of 10.2 billion US dollars, has a significant premium compared with the market value before Conrail was acquired [3]. This high premium reflects the strategic value of Conrail‘s assets and creates immediate value realization for shareholders.

2.2.2 The bidding war promotes value maximization

CSX initially tried to acquire Conrail alone, but the intervention of the Norfolk Southern Railway triggered a fierce bidding war. This situation of multi-party bidding greatly improved Conrail‘s bargaining power, and ultimately forced CSX and Norfolk Southern Railway to jointly raise the quotation, winning the greatest possible benefits for shareholders.

2.2.3 Clear exit path

Conrail, as a once bankrupt and nationalized enterprise, although it began to make a profit after restructuring, the prospect of its independent development is still uncertain (Conrail, 1996). The acquisition plan provides shareholders with a clear exit path, enabling them to realize the investment value at a high price and avoid the risks that may be faced by independent operation in the future.

2.2.4 Asset segmentation ratio.

Ultimately, CSX will acquire 42% of the assets, while Norfolk Southern will obtain 58%. This ratio not only reflects the strategic value of the assets but also will impact shareholders through the optimization of the railway network layout, demonstrating the company‘s strategic considerations in asset allocation.

2.2.5 Market and policy environment

The acquisition took place in the late 1990s, and the U.S. railway industry was in the integration stage after deregulation. The Stugs Railway Act of 1980 significantly reduced the federal government‘s control over the railway industry, allowing railway companies to set freight rates and carry out mergers and acquisitions restructuring more freely [6]. This policy environment has contributed to a wave of mergers in the railway industry. Both CSX and Norfolk South hope to expand the size of the eastern railway network and improve operational efficiency by acquiring Conrail. At that time, the U.S. economy was in a boom period of the Internet, and the capital market was active, providing financial support for large-scale mergers and acquisitions.

In the end, the deal brought the railway freight pattern in the eastern United States back to its pre-1968 state to a large extent, forming a stable market structure dominated by the two giants of CSX and Norfolk Southern Railway. As a subsidiary of the two companies, Conrail is mainly responsible for the maintenance and dispatching services of common assets in specific areas. This arrangement also ensures the smooth transition and subsequent integration of transactions.

3. Case analysis of Fudian’s cquisitaion of Helitai

The acquisition of Helitai Technology Co., Ltd. by Fujian Electronic Information Group (hereinafter referred to as „Fudian“) is a typical „trap acquisition“ in China‘s A-share market in recent years. This transaction took place between 2018 and 2020, when the domestic economy was in decline, the capital chain of private enterprises was tight and the operation was difficult. It was implemented under the background that the state required potential private enterprises to acquire and control [7].

3.1 Transaction structure and program details

Fudian‘s acquisition of Helitai was not completed in one step, but gradually acquired the controlling interest through three independent transactions:

3.1.1 First acquisition (November 2018)

Fudian acquired 469 million shares of Helitai held by Wen Kaifu and its identified shareholders at a price of 6.86 yuan per share, with a total price of 3.219 bilion yuan, accounting for 15.06% of the company‘s total share capital.

3.1.2 Second increase in holdings (November-December 2019)

Fudian increased its holdings of 19.6 million shares of Helitai, with an increase of 103 million yuan, which is 5.297 yuan per share.

3.1.3 The third acquisition (December 2020)

Wen Kaifu transferred 169.5 million shares of the company to Fudian at a transfer price of 4.27 yuan/share, with a total price of 723.7 million yuan, accounting for 5.44% of the company‘s total share capital.

Through these three transactions, Fudian has invested a total of 4.046 billion yuan, obtained 658 million shares of Helitai, with an average cost of 6.147 yuan/share, and became the controlling shareholder of the company.

3.2 Analysis of the impact on the shareholders of the acquired company

The impact of Fudian‘s acquisition of Helitai on different shareholders shows significant differences, which is an uneven distribution of interests:

3.2.1 Impact on the original actual controller (Wen Kaifu): the advantages outweigh the disadvantages”

For Wen Kaifu, this acquisition provides a valuable exit opportunity and a way to transfer risks. Through three transactions, Wen Kaifu has cashed out nearly 4 billion yuan, successfully solving the dilemma of personal capital chain. Although the performance betting agreement included in the acquisition agreement may trigger compensation clauses due to substandard subsequent performance, in general, Wen Kaifu still realized large-scale cashing and transferred the company‘s operating risks to state-owned capital [8].

3.2.2 Impact on small and medium-sized shareholders: long-term disadvantage

For small and medium-sized shareholders, the long-term impact of this acquisition is mainly negative. On the surface, the entry of state-owned capital was initially regarded as favorable and credit endorsement, which once brought a short-term rise in stock prices. However, after the acquisition was completed, the performance of Helitai continued to deteriorate: From the annual reports (2018 - 2022) of Holitech Technology Co., Ltd., it can be seen that after the acquisition, the company‘s performance declined sharply, with a huge loss of 3.3 billion yuan in 2020. This means that small and medium - sized shareholders who still held the stocks after the acquisition suffered significant capital losses. Moreover, the market doubts that the financial reports before the acquisition may have been inflated, and the acquisition price by Fudian (about 6.147 yuan per share) might have been higher than the company‘s real value, leaving the subsequent small and medium - sized shareholders who took over the stocks to bear the consequences of the over - valued assets.

3.2.3 Market and policy environment

This acquisition took place in 2018-2020, which is the period of China‘s deleveraging and financial tightening. After 2018, with the deepening of the financial deleveraging policy, many over-expanding private enterprises faced

ISSN 2959-6130

serious financing difficulties and capital chain pressure (People‘s Bank of China, 2018). To this end, governments at all levels have launched policies such as „Distress Fund“ and „State-owned Enterprise Aid“ to encourage state-owned enterprises to rescue private enterprises that are in trouble but have strategic value. Fudian‘s acquisition of Helitai was carried out against the background of this policy, aiming to stabilize local employment and market confidence. However, due to the economic downturn and the impact of the COVID-19 pandemic in 2020, the weak demand in the consumer electronics market has led to the continuous deterioration of Helitai‘s performance, so that the bailout operation failed to achieve the expected effect.

In general, Fudian‘s acquisition of Helitai is a typical „distressed acquisition“. The original actual controller solved the capital difficulties by transferring shares, but the listed company itself did not gain new life due to the entry of state-owned capital, and small and medium-sized shareholders eventually became the main risk-bearers. This case reveals the moral risks and valuation problems in bailout acquisitions, and also highlights the integration challenges faced by state-owned capital when taking over private enterprises.

4. Case Analysis of KDP’s Acquisition of JDE Peet’s

Keurig Dr Pepper (KDP)‘s acquisition of JDE Peet‘s is one of the largest mergers and acquisitions in the global coffee industry in 2025, marking a significant adjustment in the global coffee market landscape. The deal was announced on August 25, 2025, and KDP will acquire JDE Peet‘s in an all - cash transaction worth 15.7 billion euros (approximately 131.4 billion Chinese yuan) . Notably, the same shareholder, the investment firm JAB Holdings under the German hidden billionaire Lehmann family, stands behind both the buyer and the seller, making this acquisition essentially a strategic restructuring within JAB.

4.1 Transaction Structure and Scheme Details

Acquisition Consideration. KDP will pay JDE Peet‘s shareholders a consideration of 31.85 euros per share in cash, with the total equity value reaching 15.7 billion euros. In addition, JDE Peet‘s will distribute the previously announced dividend of 0.36 euros per share before the closing, and the offer price will not be deducted.

Transaction Timeline. The launch of the tender offer and the closing of the acquisition of JDE Peet‘s are expected to be completed in the first half of 2026.

Subsequent Integration Plan. After the acquisition is completed, KDP plans to split into two independent publicly - listed companies in the United States. One will focus on the North American beverage business (such as Dr Pepper, 7 - Up, etc.), and the other will focus on the global coffee business. This spin - off plan aims to allow the two companies to focus more on their core businesses, which may be more appealing to investors with different preferences, thereby unlocking potential value.

4.2 Analysis of the impact on the shareholders of the acquired company

This acquisition is an extremely favorable deal for the shareholders of JDE Peet‘s, especially the controlling shareholder JAB Holdingsa. Table 1 summarizes the key data of the KDP’s acquisition of JDE Peet’s and its impact on shareholders.

Table 1. Summary of key data and shareholder impacts of KDP’s acquisition of JDE Peet’s

Target	Data/Sitance	Impact on shareholders
Acquisition price	15.7 billion euros (approximately 131.4 billion RMB)	A high strategic premium that directly creates shareholder value
Share price	€31.85	There is a significant premium compared to the market price
Extra dividend	€0.36 per share	Increase shareholder returns
Controlling shareholders reap benefits	JAB made a profit of approximately $12.3 billion	The major shareholder successfully cashed out at a high price
Industry prospects	Intensifying competition and fierce price wars	Avoid future uncertainties and lock in current value

Reasons beneficial to shareholders. The shareholders of JDE Peet‘s have obtained a high all - cash premium and achieved a certain return. The major shareholder JAB led the transaction and cashed out at a high level, obtaining a huge investment return. At the same time, the transaction helped shareholders avoid the uncertainties of the future fierce competition in the coffee industry, especially against the backdrop of the intensifying price war in the Chinese market.

Market and policy environment. This acquisition was announced in August 2025 when the global coffee market was in a period of drastic change. On the one hand, high -

end coffee brands are facing the pressure of consumption downgrade. Especially in the Chinese market, the „9.9 - yuan price war“ initiated by Luckin Coffee has reshaped the industry landscape. On the other hand, global coffee consumption is still growing, but the competition is becoming increasingly fierce. From a policy perspective, regulatory authorities in Europe and the United States are becoming more and more strict in reviewing large - scale mergers and acquisitions. However, since this transaction mainly involves the internal asset restructuring of JAB, it is expected that there will be few obstacles to its approval (European Commission, 2025). In the capital market, the interest rate environment was relatively stable in 2025, providing the financial conditions for a large - scale cash transaction (Federal Reserve, 2025). JAB‘s choice to sell at this time not only seized the market high point but also avoided the future uncertainties of the industry.

Overall, the acquisition of JDE Peet‘s by KDP created a win - win situation for all parties. Shareholders of JDE Peet‘s received a high - value cash consideration. KDP enhanced its global coffee business competitiveness through the acquisition. After the spin - off, the two companies could focus more on their respective fields. And JAB successfully maximized its investment returns, providing financial support for its next - step investment layout.

5. Comprehensive Comparison and Insights

Through in - depth analysis of three cases, namely CSX‘s acquisition of Conrail, Fudian‘s acquisition of Heli Tai, and KDP‘s acquisition of JDE Peet‘s, we can identify some key factors that influence the pros and cons of acquisition plans for shareholders. These cases cover acquisitions in different industries, regions, and of different natures, providing multi - perspective insights for us to understand the impact on shareholder value in M&A transactions.

5.1 Comprehensive Comparison of the Three Cases

Table 2 compares the key features of the three acquisition cases from multiple dimension.

Table 2. Multi-Dimensional Comparison of Key Features of Three Acquisition Cases

Evaluation Dimensions	CSX’s Acquisition of Conrail	Fudian’s Acquisition of HeliTai	KDP’s Acquisition of JDE Peet’s
Nature of acquisition	Acquisition in competition within the same industry	Bailout acquisition	Strategic restructuring
Transaction scale	US$10.2 billion	RMB 4.046 billion	€15.7 billion
Premium level	High premium (specific data not disclosed)	May be on the high side (in hindsight)	High premium (specific data not disclosed)
Bidding situation	Multiple bidders (driving up the price)	Single acquirer	Led by JAB (internal restructuring)
Advantages and disadvantages for the shareholders of the acquired company	Extremely favorable	Favorable for major shareholders, unfavorable for small and medium - sized shareholders.	Extremely favorable
Post - transaction integration effect	Successful (Optimizing the railway network in the eastern United States)	Poor (Continuous decline in performance)	To be observed (Planned spin - off)
Key success factors	Strategic synergy, bidding war	Relieving the original shareholders’ difficulties	Strategic synergy, led by the major shareholder

5.2 Implications for investors and decision-makers

5.2.1 For investors

When evaluating acquisition proposals, they should not only focus on the level of acquisition premiums but also comprehensively consider multiple factors such as the payment method, the company‘s independent development prospects, the industry competition landscape, and the behavior of major shareholders [9]. Especially in the case of rescue acquisitions, investors need to be vigilant about the potential subsequent risks masked by the high initial premiums and carefully assess the post - acquisition integration prospects.

5.2.2 For decision-makers

Regulatory authorities need to further improve merger and

ISSN 2959-6130

acquisition rules to protect the interests of minority shareholders. Especially in scenarios involving state - owned capital acquisitions of private enterprises and related - party transactions of major shareholders, they need to strengthen information disclosure and fairness reviews to ensure equal treatment of all shareholders [10].

5.2.3 For acquirers

Reasonable valuation and successful subsequent integration are the keys to creating value in acquisition transactions [11]. Excessively high acquisition premiums may damage the interests of the acquirer's own shareholders, and failed integration may render any seemingly promising transaction plan ultimately worthless.

6. Conclusion

Through in - depth analysis of three acquisition cases in different periods, industries, find that the three cases demonstrate the differences in shareholder interest protection under different acquisition models: The acquisition of Conrail by CSX reflects the maximization of shareholder value in a competitive market environment; the acquisition of Holitech by Fujian Fudian Group reveals the dilemma of protecting the interests of minority shareholders in rescue - style acquisitions; and the acquisition of JDE Peet's by KDP shows the interest distribution mechanism under the dominance of major shareholders. These cases indicate that the pros and cons of an acquisition plan for the shareholders of the acquired company depend on the combined effects of multiple factors: the level of acquisition premium, the certainty of the payment method, the environment of competitive bids, the prospects for the company's independent development, and the decision - making intentions of major shareholders. When evaluating an acquisition plan, investors need to comprehensively consider these factors rather than simply focusing on the level of the acquisition premium. This research enriches the theoretical research in the fields of corporate governance and shareholder value protection.

This research has important practical guiding value for capital market participants. For investors, it provides a framework and methods for evaluating acquisition plans, helping investors identify acquisition transactions that truly create value and avoid being misled by superficial premiums (Pinto et al., 2020). Especially for minority investors, this paper emphasizes the importance of paying attention to post - acquisition integration capabilities and the behavior of major shareholders. For regulatory authorities, it provides a reference for improving merger and acquisition regulatory rules. Especially in the regulation of rescue - style acquisitions, it is necessary to strengthen the supervision of the rationality of valuation, the transparency of information disclosure, and the protection mechanism for minority shareholders to prevent the act of interest transfer under the guise of rescue. For corporate managers, it provides a reference for formulating merger and acquisition strategies. A successful acquisition needs to be based on strategic synergy rather than blind expansion, require reasonable valuation rather than excessive premiums, and demand integration capabilities rather than just financial investment.

References

[1] Tang, B., Tian, L. W., & Cao, J. Z. How do corporate mergers and acquisitions create value? — A case study of the merger and reorganization of China Eastern Airlines and Shanghai Airlines. Management World, 2012, 11: 1–4.

[2] Sheng, M. Q., & Li, Y. W. A study on the performance of merger and reorganization of zombie enterprises—A case study of Baosteel's acquisition of Wuhan Iron and Steel. Finance and Accounting Monthly, 2020, 11: 1–5.

[3] Surface Transportation Board. Decision in the matter of the control of Conrail by CSX Corporation and Norfolk Southern Corporation. STB Finance Docket No. 33388.1998.

[4] J. A. Gómez-Ibáñez, W. B. Tye, & C. Winston (Eds.), Essays in transportation economics and policy: A handbook in honor of John R. Meyer (pp. 493-529). Brookings, 1999

[5] Bianco, A. The brutal battle for Conrail. Business Week.1998.

[6] Winston, C. U.S. industry adjustment to economic deregulation. Journal of Economic Perspectives, 12(3): 89-110.1998.

[7] China Securities Regulatory Commission. Opinions on Supporting Listed Companies' Merger and Reorganization. Document No. 36 [2018] of the CSRC. 2018.

[8] Fujian Higher People's Court. Case of Fujian Electronic Information Group v. Wen Kaifu for Performance Compensation Dispute. Case No. XX, 2021.

[9] Pinto, J. E., Henry, E., Robinson, T. R., & Stowe, J. D. Equity asset valuation (4th ed.). Wiley.2020.

[10] China Securities Regulatory Commission. Measures for the Administration of Major Asset Reorganizations of Listed Companies. Order No. 166 of the CSRC. 2020.

[11] Sirower, M. L. The synergy trap: How companies lose the acquisition game. Simon and Schuster. 2017.