

Fiat Industrial: CNH Rejects Merger Proposal

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MILAN (AP) — U.S. farm and industrial vehicle group CNH has rejected a merger proposal from its parent, Fiat Industrial, the Italian company said in a statement Monday.

Fiat Industrial, which already owns 88 percent of CNH, said in a statement that it has asked to meet with the U.S. group's advisers to see if they can reach agreement on revised terms "within the next several weeks" to salvage the deal.

Such a deal would need to maintain a strong credit rating for the group, attract international investors and provide opportunities for growth, the statement said.

The Italian company's chairman, Sergio Marchionne, who is also CEO of the Fiat and Chrysler automakers, proposed a full merger in May as a way to create a competitor to major North American capital goods companies and unlock market value.

"FI remains committed to the strategic and financial benefits of the merger," Marchionne said in a statement.

Shares in Fiat Industrial dropped 1 percent to €7.76 in Milan trading.

Under the initial proposal laid out by Marchionne to CNH in a four-page letter last spring, the combined company's shares would be traded on the New York Stock Exchange with a secondary listing in Europe — but not in Milan, where it is currently traded.

While Marchionne proposed registering the new company in the Netherlands, he told employees in a letter that the operational structure would not change. The merger would seek to streamline a "cumbersome" corporate structure that Marchionne said has left Fiat Industrial undervalued in the markets.

CNH Global N.V., based in the Chicago suburb of Burr Ridge, Illinois, sells farm and construction equipment under the Case and New Holland brands in 170 countries.

Beyond its farm and construction business, Fiat Industrial makes trucks, commercial vehicles and buses under the Iveco brand along with related engines and transmissions. It was spun off from Fiat's auto business in 2011, and has been expanding its business into emerging markets through joint ventures.

Source URL (retrieved on 04/19/2015 - 9:52am):

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