Fiat Industrial, CNH Reach Merger Agreement

Colleen Barry, AP Business Writer

MILAN (AP) — The Italian heavy-duty vehicles maker Fiat Industrial reached an agreement Monday for a full merger with its U.S. subsidiary, the farm equipment maker CNH Global N.V., creating the world's third-largest capital goods company by sales.

Fiat Industrial had aggressively pursued the full merger of the 12 percent of CNH that it didn't already own, making a pitch in the spring and then raising the value of the offer by more than 25 percent last week after CNH advisers refused to endorse the deal.

Fiat Industrial earlier this month had streamlined the management structure to better integrate the two companies, placing the head of CNH, Richard Tobin, as group chief operating officer, second in command to Chairman Sergio Marchionne, who also runs the Fiat and Chrysler car companies.

"Completion of this merger will bring to a conclusion a lengthy process of simplifying and rationalizing the Group's equity capital structure," Marchionne said in a statement issued jointly by the two companies.

The new company, which has yet to be named, will be based in the Netherlands and listed on the New York Stock Exchange. The merger is expected to close in the second quarter of next year, the companies said.

It will be the third largest capital goods company by sales, after Caterpillar and Volvo. Marchionne said the new company would be "a true peer in scale and capital markets appeal to the other major capital goods companies."

The deal is based on Fiat Industrial's sweetened offer, including a cash dividend of $10 per CNH share prior to the completion of the merger. Each CNH shareholder would receive 3.828 shares of the merged company, while each Fiat Industrial shareholder would receive one share.

Fiat Industrial shares fell 2 percent to €8.33 on the Milan exchange Monday.

Besides CNH, Fiat Industrial, based in the northern Italian city of Turin, comprises IVECO truck and heavy vehicle company and FPT Industrial powertrains. CNH, which is based in the Chicago suburb of Burr Ridge, Illinois, sells farm and construction equipment under the Case and New Holland brands in 170 countries.

Source URL (retrieved on *07/28/2014 - 7:37pm*):
http://www.impomag.com/news/2012/11/fiat-industrial-cnh-reach-merger-

agreement?qt-digital_editions=0&qt-recent_content=0