

# Fiat Chrysler and PSA tweak merger terms due to pandemic

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The merger between Fiat Chrysler and Peugeot Citroen is set to create the world's fourth-largest automaker in terms of volume, named Stellantis

Fiat Chrysler (FCA) and Peugeot Citroen (PSA) announced on Monday they'd modified the terms of their mega-merger in light of business

disruptions caused by Covid-19.

FCA agreed to lower the exceptional dividend to be distributed to its shareholders to 2.9 billion euros (\$3.4 billion), compared to 5.5 billion euros (\$6.5 billion) previously, while PSA will distribute its 46 percent stake in French automotive equipment maker Faurecia to all [shareholder](#) of the new company, rather than to its shareholders alone as agreed to previously.

The decision was made to "take into account the impact on liquidity the Covid-19 health crisis has had on the [automotive industry](#)," the companies said in a joint press release, while "preserving the original balance of the merger" which should be completed by the end of the first quarter of 2021.

They were approved "unanimously" by the boards of directors of both companies "with the strong support of their reference shareholders," FCA and PSA said.

The tie-up, which was announced at the end of October, will create Stellantis, set to be the world's fourth-largest automaker in terms of volume, and number three in terms of sales.

The combined [company](#) unites brands such as Peugeot, Citroen, Fiat, Chrysler, Jeep, Alfa Romeo and Maserati into a global giant, each of which will continue under its own marque.

But doubts have been raised in recent months about the equilibrium of the merger, which was advertised from the outset as a marriage of equals.

The two companies announced in May they'd waive a dividend payment of 1.1 billion euros (\$1.3 billion), planned as part of the merger, due to

the coronavirus downturn.

The exceptional dividend that FCA was to distribute to its shareholders along with the distribution of Faurecia's shares were also issues of concern, since the French equipment makers's market capitalization has declined since the merger's announcement.

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