

Reuters News
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Willis insurance broker cuts Gras Savoye stake

- * Willis to cut ownership stake to 31.8 pct from 46.2 pct
- * Willis sees \$160 mln tax-free proceeds
- * Transaction values Gras Savoye at \$500 mln

NEW YORK, Nov 18 (Reuters) - Insurance broker Willis Group Holdings Ltd said on Wednesday it will reduce its 12- year-old stake in Gras Savoye & Cie, in a transaction valuing the French insurance broker at roughly 500 million euros.

The transaction would give each of Willis, private equity firm Astorg Partners and Gras Savoye family shareholders a 31.8 percent stake in a new holding company for Gras Savoye. Managers of Gras Savoye would own the remaining 4.5 percent.

Willis said it now has a 46.2 percent ownership stake in Gras Savoye, valued at \$343 million, up from the original 33 percent it took in 1997. It said the accord gives it an option to buy all the holding company's capital in 2015.

Willis expects to use the \$160 million of tax-free proceeds from the transaction to pay down debt. It will roll over \$135 million of equity and convertible debt and lend \$48 million to the new holding company.

Voting rights would be divided equally among Willis, Astorg and the family shareholders. Gras Savoye is not listed.

The transaction is expected to close this year. Willis was advised by Close Brothers and Willis Capital Markets and Advisory; Gras Savoye by Close Brothers; and Astorg by Bucephale Finance.

Willis shares closed down 4 cents at \$27.90 on Wednesday on the New York Stock Exchange. The company announced the transaction after U.S. markets closed. (1 euro = \$1.494) (Reporting by Jonathan Stempel; editing by Andre Grenon)