

Document 1319

[21319002]

Paribas said that once it receives the go-ahead from French stock market authorities , it will offer to boost its Navigation Mixte stake to 66.7 % from the current 18.7 % .

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The cost of buying the additional 48 % stake would be 10.95 billion francs (\$ 1.74 billion) .

[21319005]

The move would greatly boost Paribas 's stake in the insurance , transport and food businesses , where Navigation Mixte is strong .

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It also would make Paribas a major French ally of West Germany 's Allianz AG insurance group .

[21319007]

Allianz holds a 50 % stake in Navigation Mixte 's insurance interests , acquired three weeks ago .

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Those include Rhin et Moselle Vie and Via Assurances .

[21319009]

Long considered a potential takeover target , Navigation Mixte had hoped Allianz would help protect it from raiders .

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That idea may have backfired .

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Paribas is Allianz 's main French bank , and the Munich-based group said it intends to stay neutral .

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Navigation Mixte said it would n't have any comment until its board meets Wednesday .

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But Navigation Mixte is loosely held and hard to defend .

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" The defensive options are limited , " says Philippe Braye , a partner in portfolio management concern France Finance Quatre .

[21319015]

" Who would bid against Paribas ? "

[21319016]

If the Paribas bid succeeds , it will be the second time in two months a big French investment banking group has snapped up an insurance group .

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That complex bid was billed as France 's largest takeover ever (this one is slightly smaller) .

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Moreover , Suez had just finished winning an even larger battle last year for control of Societe Generale de Belgique .

[21319020]

Paribas officials , once considered France 's toughest bankers , felt abashed at Suez 's success and its rapid growth .

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Although Paribas denies it , analysts say the new bid in part simply reflects the continuing rivalry between France 's two largest investment banking groups .

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It also reflects the broader pressure on companies in Europe to keep up as the European Community prepares to reduce internal trade barriers by 1992 .

[21319023]

Although Paribas Chairman Michel Francois-Poncet would n't rule out eventually selling all of Navigation Mixte 's insurance operations to Allianz , he stressed the potential for the two groups instead to cooperate .

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He also told reporters the acquisition would give Paribas fresh diversity , bringing it properties in food and transport where it has been weak .

[21319025]

Navigation Mixte has investments in a sugar company , a food and canning concern , a bakery and bus and trucking firms , among others .

[21319026]

And Navigation Mixte has a huge hidden attraction .

[21319027]

Payment by Allianz for the insurance interests it has just bought will help swell the French concern 's treasury to an estimated 11 billion francs .

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Alternatively , it said it would offer three Paribas shares , themselves eligible for dividends as of next Jan. 1 , for one Navigation Mixte share .

[21319030]

Paribas shares closed down 30 francs at 610 francs , and Navigation Mixte shares were suspended at 1,800 francs pending the outcome of the bid .

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Paribas said it would publish details of its bid once authorities clear it .

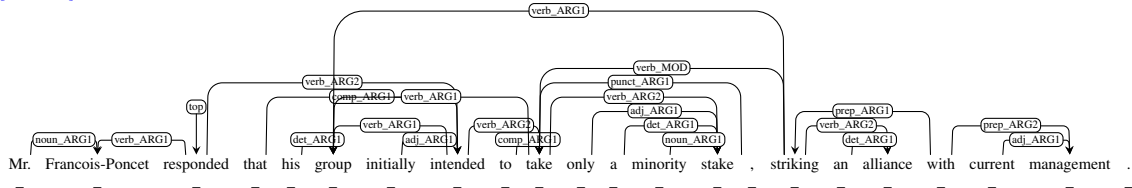
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This is one of the first bids under new takeover rules aimed at encouraging open bids instead of gradual accumulation of large stakes .

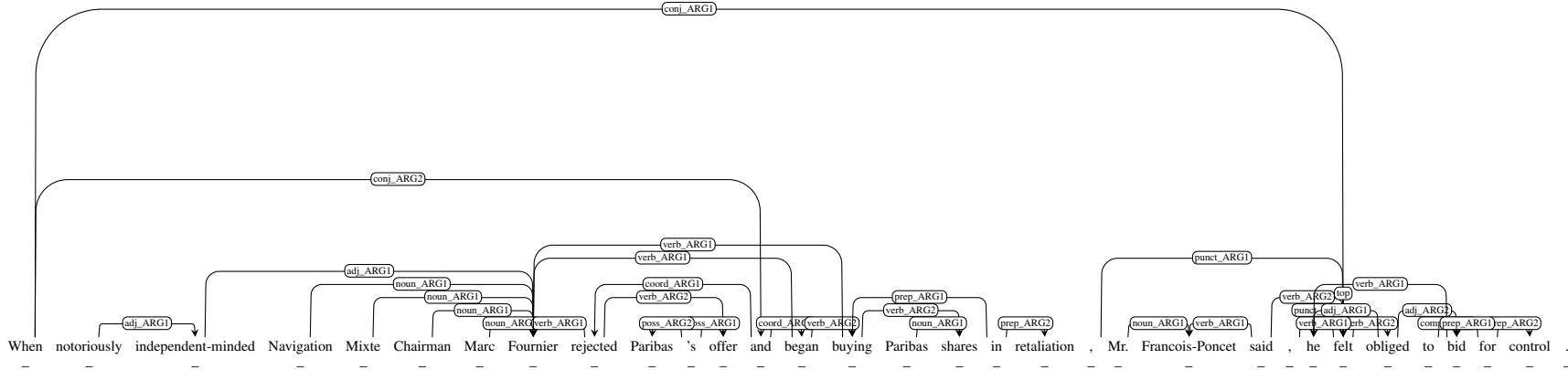
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Some financial sources said privately that Paribas blundered in failing to move sooner for the insurance and industrial group , bidding only after speculation had pushed up the price .

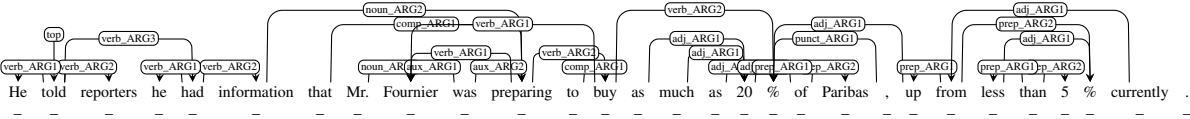
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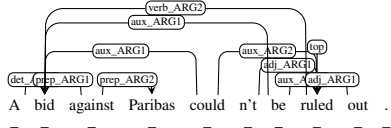
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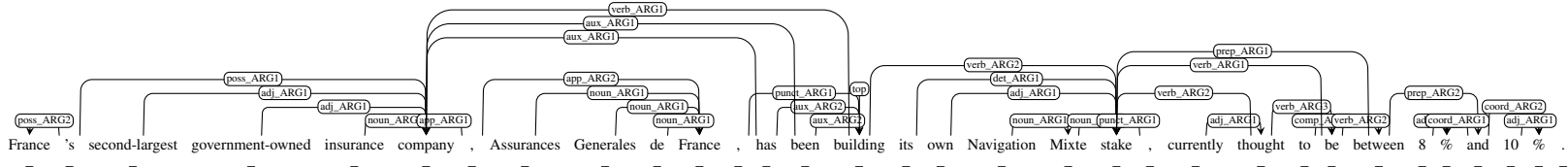
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