

2. Fund, partially or completely, the development of key technologies, including displays, signal-processing chips, and frame memories (F-RAM's). Fund some system work. Fund the Open-Architecture Receiver.
3. Save Zenith. (We saved Lockheed, Chrysler, and even Harley-Davidson!) Give Zenith a contract for a certain number of receivers, to be used by federal agencies and/or federal contractors. (E.g., the FAA is buying thousands of 2000-line displays for air-traffic control, and the present plan is to get them from Sony.)
4. Involve the federal and federal-funded laboratories, as appropriate.

W.F.Schreiber 18 November 1988

FRIDAY, NOVEMBER 18, 1988

Nabisco Sued Over Bond Drop

Institutional Holders Point to Buyout Plan

By ANISE C. WALLACE

Two institutional bondholders have filed lawsuits against RJR Nabisco Inc. over the decline in value of their bonds that occurred after a management group announced it was considering a leveraged buyout of the consumer company.

At least two more institutions are considering joining the plaintiffs. Legal experts say they are unsure if the suits could derail the proposed buyout.

The Metropolitan Life Insurance Company filed a suit yesterday in New York State Supreme Court against both RJR Nabisco and its

chief executive, F. Ross Johnson. Metropolitan Life owns bonds and debentures with a face amount of \$340 million and suffered a paper loss of \$40 million, their lawyer said. The suit charged the company with breaking its contract with bondholders.

Management Abuse Charged

"This is a clear case of a management abusing its position — breaking its promise not to intentionally destroy the investment-grade character of the debt while lining its own pockets," John J. Creedon, chairman of Metropolitan Life, said in a statement. Under the terms of the buyout, the members of the management group would receive what could become a substantial amount of equity in the private company.

On Wednesday, two insurance units of the ITT Corporation filed suit in Federal court in New York, charging RJR Nabisco with fraud under Federal securities law. The suit contends that at the time of its bond underwriting last spring the company was legally obligated to inform bondholders that the management was considering a leveraged buyout.

The ITT complaint contends that Mr. Johnson discussed the possibility of a leveraged buyout with Henry R. Kravis, a partner of the leveraged buyout firm of Kohlberg, Kravis, Roberts & Company in September 1987.

Representatives of RJR Nabisco and the management group seeking to acquire the company declined to com-