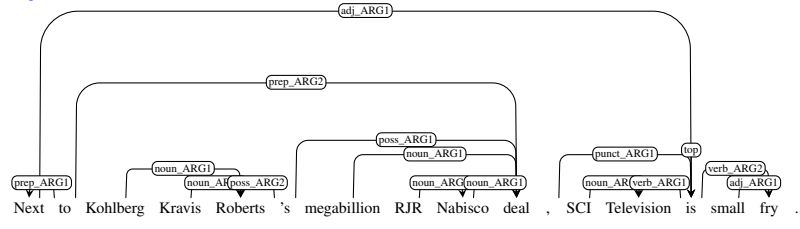


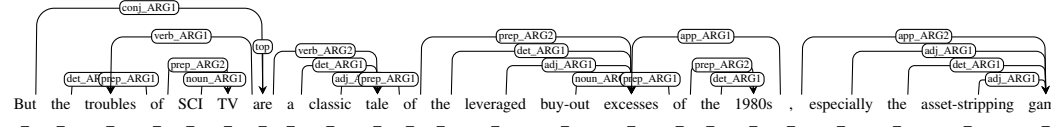
Document 1206

[21206001]



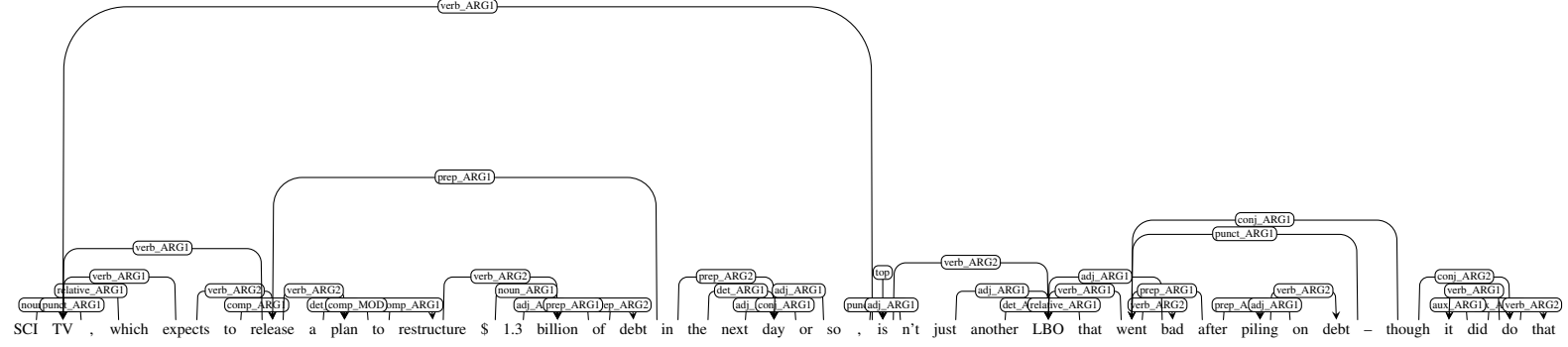
Next to Kohlberg Kravis Roberts 's megabillion RJR Nabisco deal , SCI Television is small fry .

[21206002]



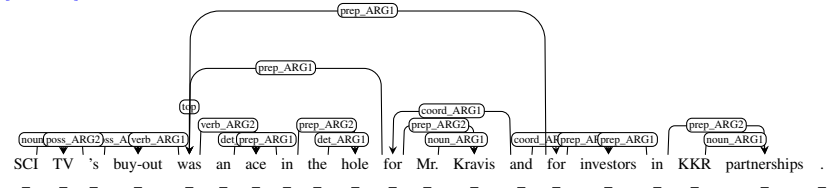
But the troubles of SCI TV are a classic tale of the leveraged buy-out excesses of the 1980s , especially the asset-stripping game .

[21206003]



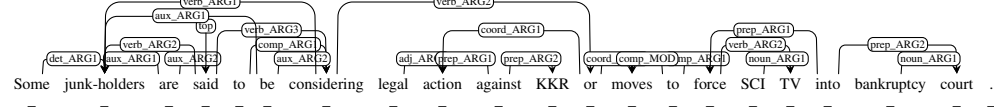
SCI TV , which expects to release a plan to restructure \$ 1.3 billion of debt in the next day or so , is n't just another LBO that went bad after piling on debt - though it did do that .

[21206005]



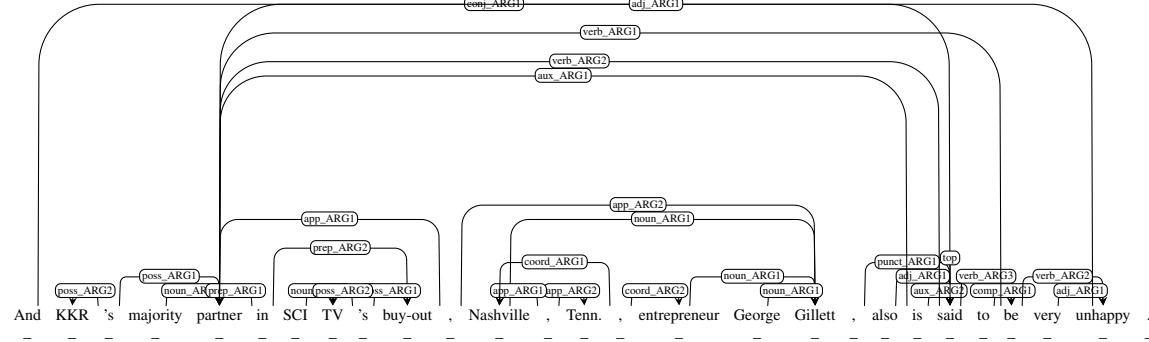
SCI TV 's buy-out was an ace in the hole for Mr. Kravis and for investors in KKR partnerships .

[21206007]



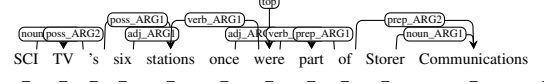
Some junk-holders are said to be considering legal action against KKR or moves to force SCI TV into bankruptcy court .

[21206008]



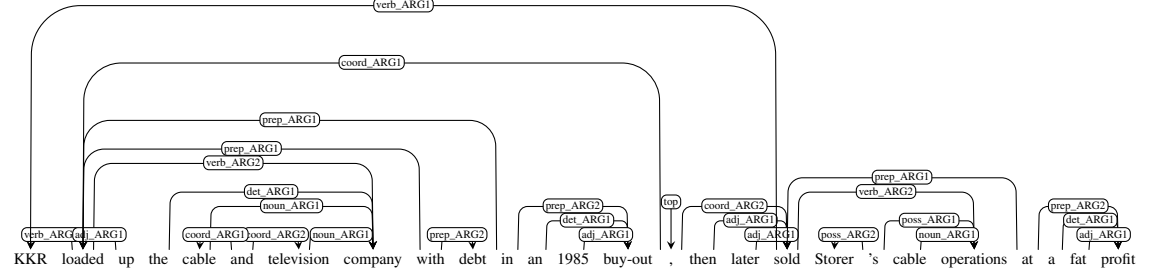
And KKR 's majority partner in SCI TV 's buy-out , Nashville , Tenn. , entrepreneur George Gillett , also is said to be very unhappy .

[21206009]



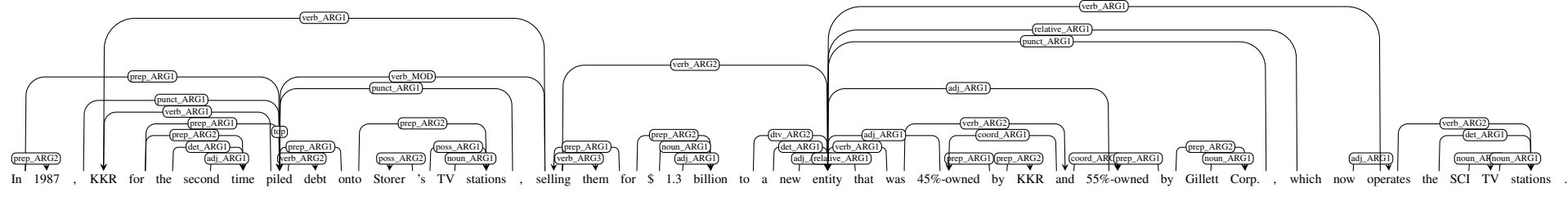
SCI TV 's six stations once were part of Storer Communications .

[21206010]



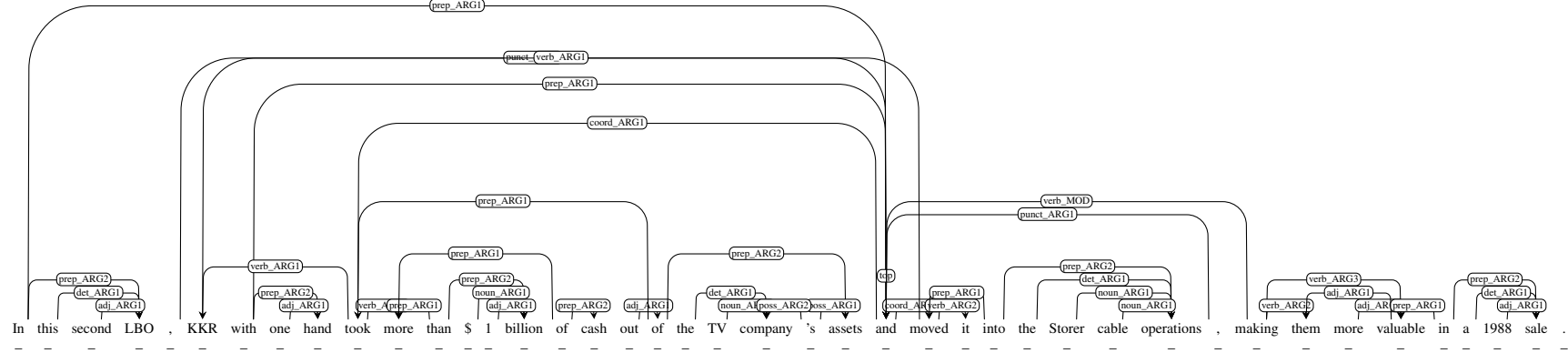
KKR loaded up the cable and television company with debt in an 1985 buy-out , then later sold Storer 's cable operations at a fat profit .

[21206011]



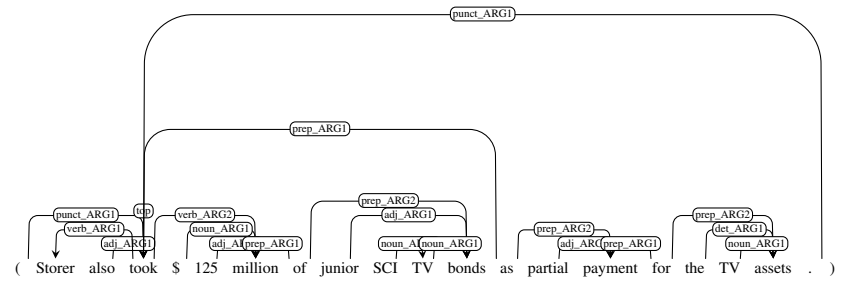
In 1987 , KKR for the second time piled debt onto Storer 's TV stations , selling them for \$ 1.3 billion to a new entity that was 45%-owned by KKR and 55%-owned by Gillett Corp. , which now operates the SCI TV stations .

[21206012]

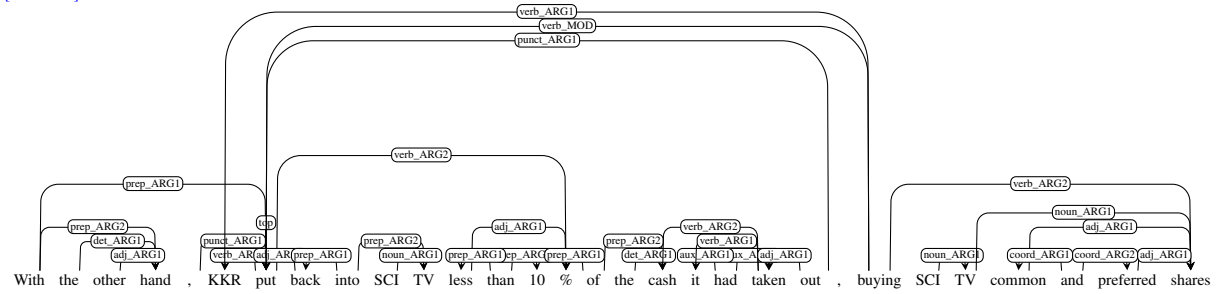


In this second LBO , KKR with one hand took more than \$ 1 billion of cash out of the TV company 's assets and moved it into the Storer cable operations , making them more valuable in a 1988 sale .

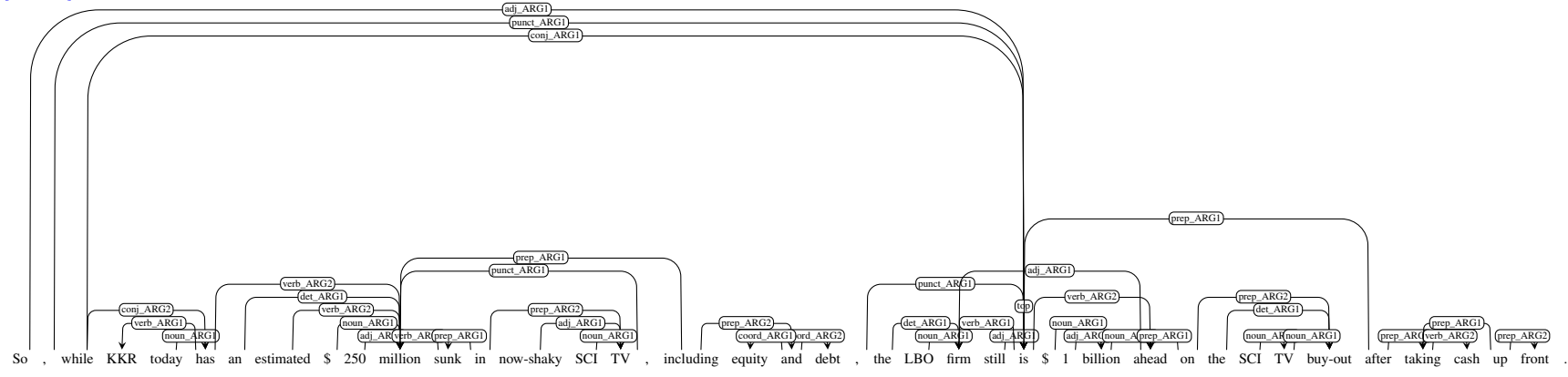
[21206013]



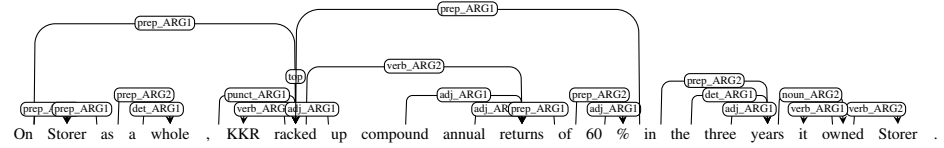
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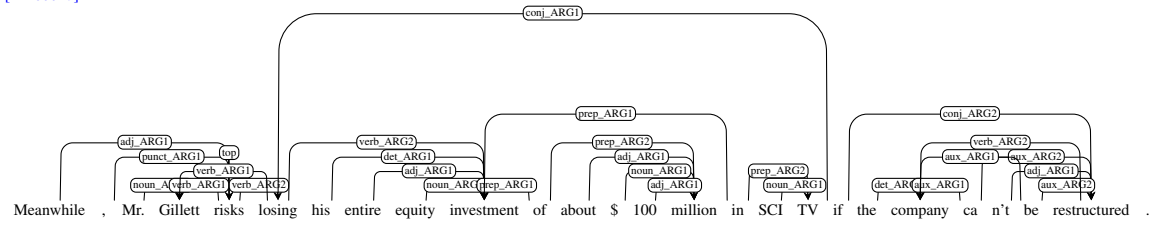
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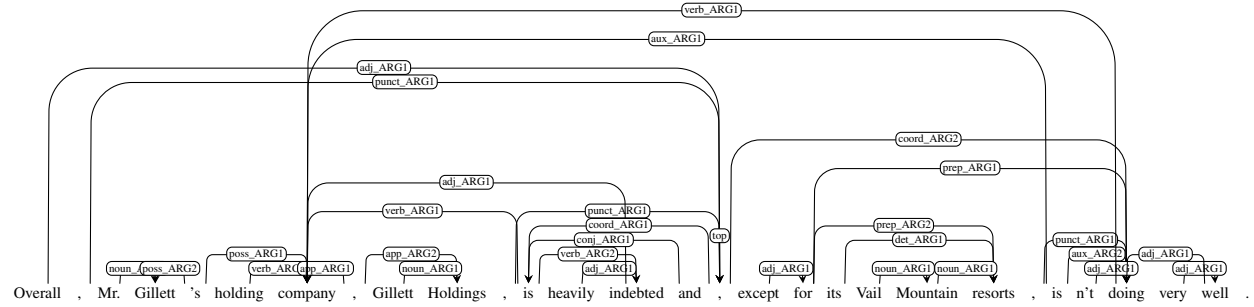
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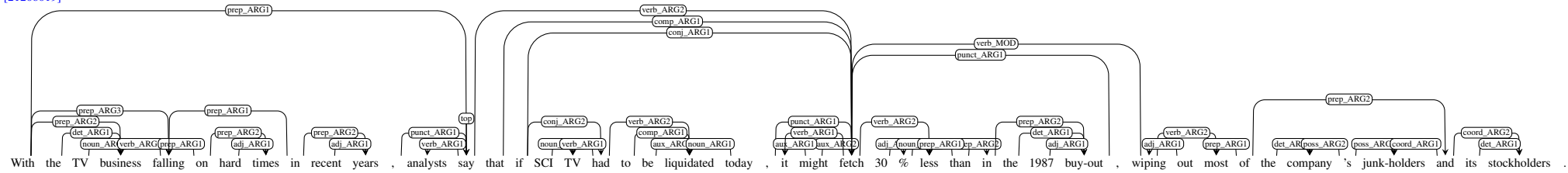
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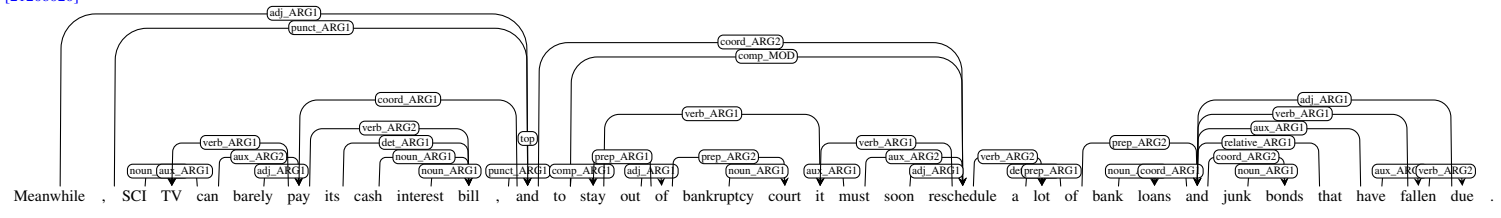
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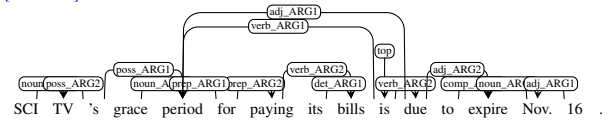
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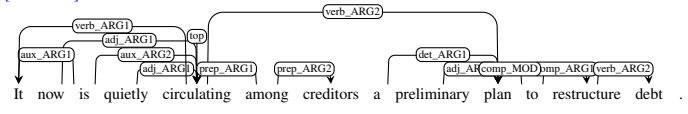
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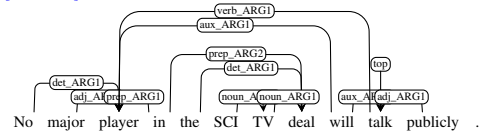
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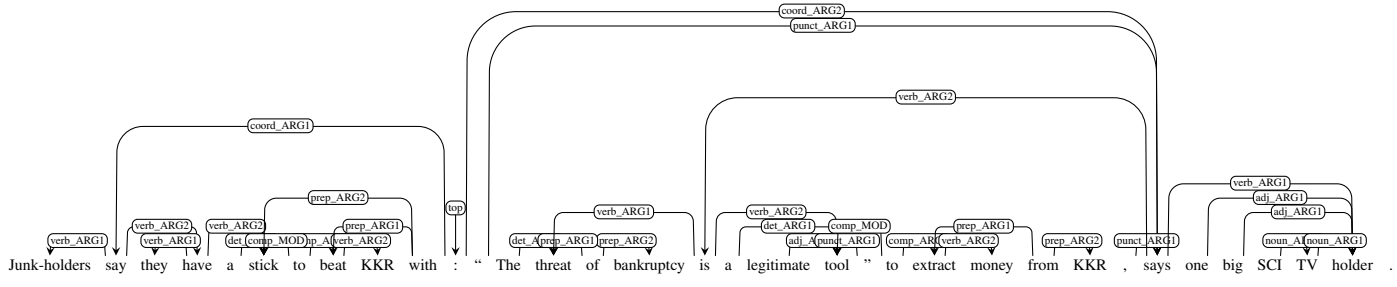
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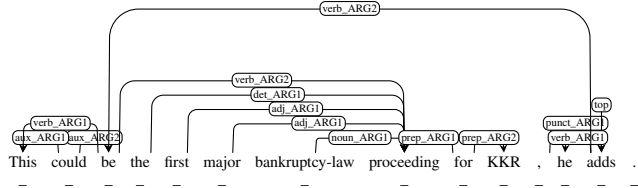
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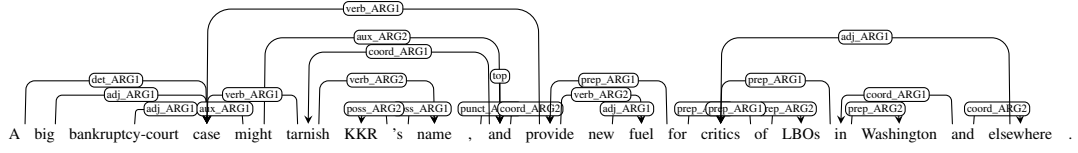




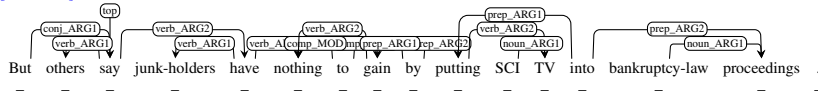
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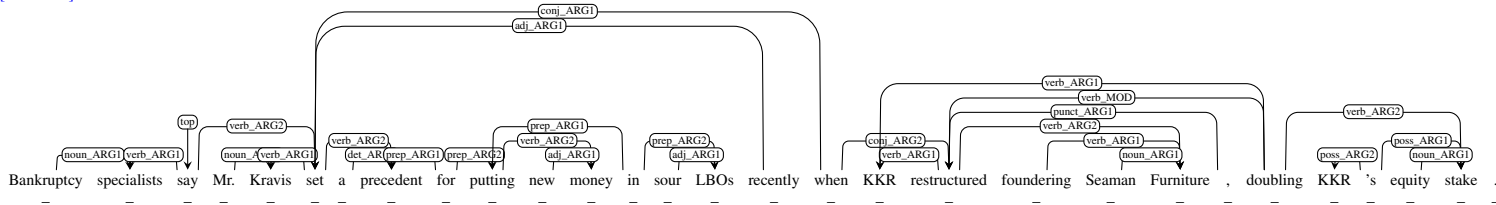
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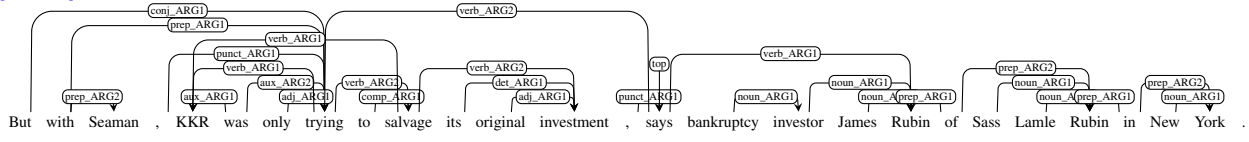
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[21206043]



[21206044]



[21206046]

