

[20557001]

RJR Nabisco Inc. said it agreed to sell its Baby Ruth, Butterfinger and Pearson candy businesses to Nestle S.A.'s Nestle Foods unit for \$ 370 million.

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The sale, at a higher price than some analysts had expected, helps the food and tobacco giant raise funds to pay debt and boosts Nestle's 7% share of the U.S. candy market to about 12%.

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The candy businesses had sales of about \$ 154 million last year, which was roughly 12% of total revenue for RJR's Planters LifeSavers unit, according to a memorandum distributed by RJR's owner, Kohlberg Kravis Roberts & Co., to bankers last December.

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The Nestle acquisition includes a candy plant in Franklin Park, Ill., which employs about 800 workers.

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The sale, which had been expected, is part of KKR's program to pay down \$ 5 billion of a \$ 6 billion bridge loan by February.

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Roughly \$ 2 billion of that debt has already been repaid from previous asset sales, and RJR expects to use another \$ 2 billion from the pending two-part sale of most of its Del Monte unit.

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That sale, however, could still fall through if financing problems develop.

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Thus, it remains crucial for RJR to obtain top dollar for its smaller assets like the candy brands.

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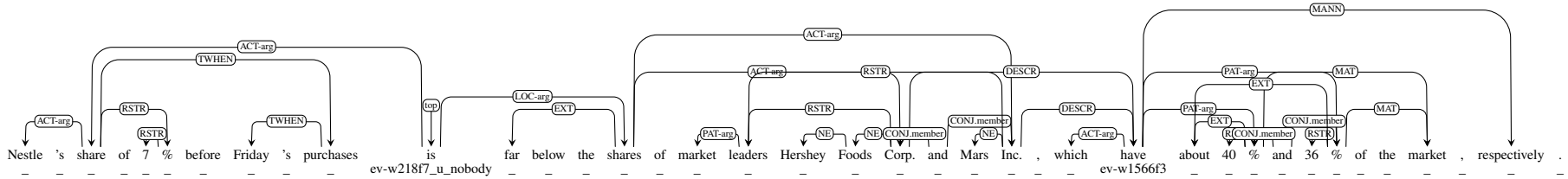
Since KKR bought RJR in February for \$ 25 billion of debt, it has agreed to sell nearly \$ 5 billion of RJR assets.

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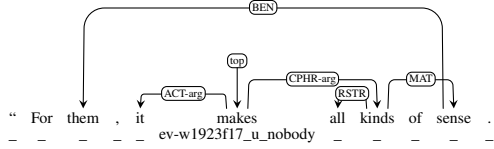
RJR's executives have said they will dispense with certain brands, in particular, that are n't leaders in their markets.

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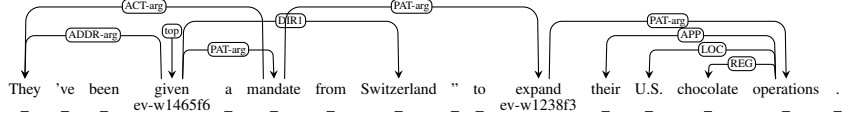
"RJR Nabisco and Planters LifeSavers will concentrate more on our own core businesses," Mr. Gerstner said Friday.



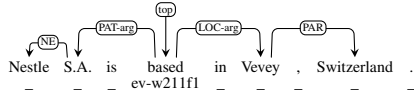
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