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MEDIA & MARKETING

Hollinger's Radler To Quit Company; Pressure on Black

By ELENA CHERNEY
Staff Reporter of THE WALL STREET JOURNAL

CHICAGO -- Hollinger International Inc. President and Chief Operating Officer David Radler is expected to resign as early as Monday, and pressure is mounting on Conrad Black to step aside as chief executive, as a special committee of independent directors probes deeper into circumstances surrounding fees paid to Lord Black and other executives.

Lord Black, who controls the Chicago-based newspaper publishing company through Toronto-based holding company Hollinger Inc., may step aside as early as this week, according to people familiar with the situation.

Hollinger International publishes the Chicago Sun-Times, London's Daily Telegraph and the Jerusalem Post.

The special committee, formed at the request of minority shareholders, is looking into management fees to Lord Black and other executives, sales of company assets to closely held companies controlled by insiders and payment

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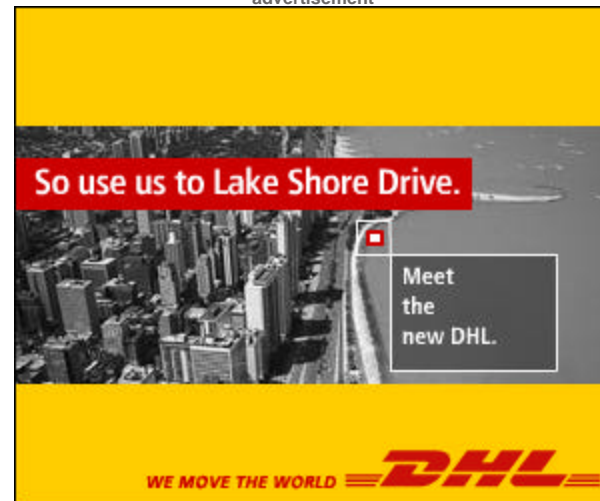
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of \$73 million in "noncompete" payments to Lord **Black** , Mr. Radler and other executives.

On Friday, the company said it would delay its quarterly filing with the Securities and Exchange Commission. The company said that "the committee's investigation has determined that there are inaccuracies in prior public filings involving the amount, authorization and purpose of [noncompete] payments, among other things," and that some noncompete payments "have not previously been disclosed." The special committee is being advised by former SEC Chairman Richard Breeden.

The Hollinger International board, its audit committee and the special committee then met during several marathon weekend sessions. Lord **Black** has insisted that the noncompete payments, which buyers of Hollinger International newspapers paid to prevent executives from getting back into the same market, were above-board and were insisted upon by some of the buyers.

But company officials have been unable to produce paperwork showing that the audit committee approved some of the noncompete payouts to executives, according to people familiar with the matter. Other newspaper-industry officials say it is unusual for such payments to go to executives rather than to the company.

Mr. Radler, who has worked with Lord **Black** since the two acquired their first paper, the Sherbrooke Record in Quebec in 1969, is leaving because of his role at Horizon Publications Inc., people familiar with the situation said. Horizon is one of the closely held companies through which Mr. Radler, Lord **Black** and others acquired at least 30 Hollinger International titles -- mostly local newspapers -- over the past four years.

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\* At Market Close

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Mr. Radler, who is president of Horizon and a board member at Hollinger International, is planning to buy a further 10 newspapers from Community Newspaper Holdings Inc., a Birmingham, Ala., publisher. But the board perceived that the deal would make Horizon big enough that running the closely held company would conflict with Mr. Radler's Hollinger duties, according to one person familiar with the matter. The board told him that "they can't imagine [the deal] wouldn't take away from his efforts" at Hollinger, the person said.

Lord Black's voting control of the company also is potentially threatened by a looming cash crunch at Hollinger Inc., the holding company through which he controls Hollinger International. If Lord **Black** no longer receives big fees for running Hollinger International, he may have difficulty paying interest on various Hollinger Inc. debt instruments. Lord Black's Hollinger International super-voting shares are collateralized against the Hollinger Inc. debt.

In recent weeks, Hollinger International officials also have been in talks with potential investors. Lord **Black** has said, however, that he intends to maintain voting control of the company.

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