

THE COMPETITION TRIBUNAL

IN THE MATTER of an application by the Director of Investigation and Research for orders pursuant to section 92 of the Competition Act, R.S.C. 1985, c.C-34, as amended;

AND IN THE MATTER of the direct and indirect acquisitions by Southam Inc. of equity interests in the businesses of publishing The Vancouver Courier, the North Shore News and the Real Estate Weekly

BETWEEN:

THE DIRECTOR OF INVESTIGATION AND RESEARCH

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED	NOV 11 1992
REGISTRAR - REGISTRAIRE	
Vancouver B.C. # 270(a)	

Applicant

- and -

SOUTHAM INC., LOWER MAINLAND PUBLISHING LTD.,
RIM PUBLISHING INC., YELLOW CEDAR PROPERTIES LTD.,
NORTH SHORE FREE PRESS LTD., SPECIALTY PUBLISHERS INC.,
ELTY PUBLICATIONS LTD.

Respondents

**NOTICE OF APPLICATION TO VARY
CONSENT INTERIM ORDER**

TAKE NOTICE THAT the Respondents will make an application to the Competition Tribunal on Wednesday, the 11th day of November, 1992 at 1:00 p.m. or as soon after that time as the motion can be heard at the Federal Court of Canada, 700 West Georgia Street, Vancouver, British Columbia.

THE APPLICATION IS FOR:

(i) an Order varying the Consent Interim Order issued March 18, 1991 and corrected by Order dated March 22, 1991 (referred to collectively as the "Consent Interim Order"), to provide that notwithstanding the terms of the Consent Interim Order:

(a) Lower Mainland Publishing Limited ("LMPL") shall be permitted to implement the plan of reorganization appended as Appendix "A" hereto. Without limiting the generality of the foregoing:

- (i) LMPL shall be permitted to appoint Sam Grippo as Chief Executive Officer, to replace David Perks;
- (ii) LMPL shall be permitted to appoint John Collison ("Collison") as Chief Operating Officer, with supervisory responsibility for the businesses controlled by LMPL, including the businesses of publishing the North Shore News, the Vancouver Courier and the Real Estate Weekly, provided that Collison will exercise no supervisory or management responsibility in respect of the North Shore News Homes Real Estate Supplement;
- (iii) Collison will be permitted access to all confidential business information in respect of the businesses owned by LMPL, including the North Shore News, the Vancouver Courier and the Real Estate Weekly necessary to the performance of his duties as Chief Operating Officer, provided that Collison shall neither directly nor indirectly disclose to Southam or its affiliates any confidential business information in respect of the North Shore News, the Vancouver Courier or the Real Estate Weekly and

further provided that Collison shall not have access to any confidential business information in respect of the North Shore News Homes Real Estate Supplement; and

(iv) LMPL shall be permitted to implement such other changes as are specified in the plan of reorganization.

(b) LMPL shall be permitted to implement an Employee Stock Ownership Plan which will enable qualifying LMPL employees to acquire, in the aggregate, up to 20% of the common equity of LMPL upon such terms as LMPL shall determine in its sole discretion;

(ii) such further and other Order as this Honourable Tribunal deems just in the circumstances;

THE GROUNDS FOR THE APPLICATION ARE:

(i) the circumstances that led to the making of the Consent Interim Order have changed in that the Order was issued on the basis that it would only be in effect for a relatively short period of time. The Order has now been in effect for more than 18 months and its terms are too restrictive to permit the efficient operation and management of the affected business on a long term basis;

(ii) To achieve its intended purpose, the Consent Interim Order should be varied to enable LMPL to provide effective management of the North Shore News, the Vancouver Courier, and the Real Estate Weekly and to enable LMPL to meet its commitment to its employees regarding equity participation in LMPL; and

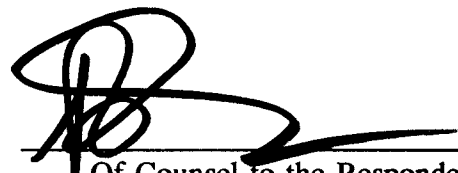
(iii) the proposed changes to the Consent Interim Order will not interfere with the objectives of maintaining the separate identity, competitiveness and saleability of the subject businesses.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE RELIED UPON AT THE HEARING OF THE APPLICATION:

- (i) The Reasons and Order of the Competition Tribunal dated June 2, 1992;
- (ii) The Consent Interim Order dated March 18, 1992 and the Order correcting the Consent Interim Order dated March 22, 1992;
- (iii) Such further and other material as counsel may advise and the Tribunal allows.

AND TAKE NOTICE THAT the Respondents wish the Application to be heard in English.

DATED at the City of Toronto, this 10th day of November, 1992.



Of Counsel to the Respondents

TO: Registrar
Competition Tribunal
90 Sparks Street
Suite 600
Ottawa, Ontario
K1P 5B4

AND TO: David & Company
Barristers and Solicitors
2800 - 666 Burrard Street
Vancouver, British Columbia
V6C 2Z7

Attention: Stanley Wong

AND TO: Department of Justice
Justice Building
Kent and Wellington Streets
Ottawa, Ontario
K1A 0H8

Attention: Donald Houston

APPENDIX "A"

LMPL

LOWER MAINLAND PUBLISHING LIMITED

Attachment I

**LOWER MAINLAND PUBLISHING LTD.
Proposed Board, Organization & Operating Structure**

BOARD OF DIRECTORS

- composed of 5 or 6 persons
- suggest Perks, Mills & Lambert from Southam; Grippo and Collison from MVC
- add an employee representative when shares are issued?

MEETINGS OF DIRECTORS

- semiannual (schedule to be set to conform to travel schedules of Southam representatives)
- can schedule more, if required
- costs are shareholders' costs (no compensation)

DUTIES

- set policy & direction
- review overall results of operations
- approval of major expenditures & commitments
- approves senior management compensation
- will form committees, if needed.

Changes from the Status Quo

The changes here are to give additional representation to Southam, to use the Board as a policy setting vehicle, have it review overall operations, and perform stewardship functions for the shareholders.

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CHAIRMAN OF THE BOARD - PERKS

-Southam to appoint, (we assume DWP)

-Duties:

- non-executive position
- interface with Southam, so LMPL operating strategies are not in conflict with SNG.
- open & maintain clear communication channels with SNG.
- continues communication between shareholders representatives.
- protects the independence of LMPL
- maintain contact with PP
- alert for mutual cost savings.
- general business and industry knowledge input
- compensation for the position based upon Savage review.

-Short Term Projects

- contact with Competition Bureau
- dealing with Courier & North Shore News re: organization

-Meetings

- will chair Board Of Directors meetings
- attendance at selected operating committee meetings
- travel costs to be reimbursed.
- Transitional over the near term to assist in completing projects.

Changes from the Status Quo

In the past, David has been involved in acquisitions, legalities and strategy of dealing with the Competition Bureau/Tribunal. He also has been the liaison between LMPL and Speck, Hager and Ballard.

The time required to be spent on these activities in the future will be less. Also, although designated CEO, it has been impossible for Dave to, in fact, act as such given where his home base of interests are and where LMPL is.

CHIEF EXECUTIVE OFFICER - GRIPPO

- implement policy, liaison between Board & operations
- long-term planning
- compensation
- acquisitions & projects
- contact with members of the industry
- approvals of commitments
- sounding board
- real estate (short-term project of particular expertise)
- shareholder communication

Changes from the Status Quo

In the past, Sam has been fulfilling these tasks, as well as extensively being involved with the Competition Tribunal/Bureau. The new task of liason between Board and operations would flow from the designation as CEO.

CHIEF OPERATING OFFICER - COLLISON

- control and co-ordination of all the operating divisions
- market & product analysis, new product development
- technological development
- personnel
- labour
- policies & procedures

Changes from the Status Quo

John has been operating the REW, and as well has provided the above services in the past. Before the formation of LMPL, John was the chief operating officer of the "Madison" papers. He was heavily involved in preparation for the Competition hearing. Defacto, he has been chief operating officer of LMPL before the hold separate order was issued. We hired Rick O' Connor to fill the newspaper operations role last July. The changes in John's duties entail having the Courier and W.S. News report to him, rather than to the Chairman. Although this reporting structure may appear to be a radical change, it is really a formalization of what really must go on at levels below the publishers. As you know neither of these publishers are physically at these papers more than about a third of the time.

CHIEF FINANCIAL OFFICER - MUNGER

- finance
- financial & operating reporting
- taxation
- acquisitions
- legal
- systems planning
- credit policies
- capital, operating & long-term planning
- shareholders communication
- administration
- liaison with investments
- corporate secretary
- projects

Changes from the Status Quo

There are no substantiative changes in assigned duties; involvement with Competition issues will disappear.

OPERATING COMMITTEE

Composition

- Perks, Grippo, Collison, Auger, O'Connor, Speck, Ballard

Duties

- forum for addressing co-ordination issues
- employing group resources
- raising of issues
- team building
- avenue for SNG to gain a better understanding of operations and appraisal of operating personnel.

Meetings

- meets every six weeks to eight weeks
- standing invitation to Board Members to attend, if they are in Vancouver, otherwise:
- if necessary, meetings can be scheduled for Board Members.

Changes from the Status Quo

- frequency of meetings
- invitation to Board members to attend

LMPL

LOWER MAINLAND PUBLISHING LIMITED

**Planning for Management Continuity at the Courier And North
Shore News**

(1) Peter Ballard and Phil Hager have employment contracts with the Courier which expire in May of 1993.

Arrangements should be established now with them as to their positions and continuing employment relationship.

Their salaries should be adjusted to reflect that there are two co-publishers instead of one. A level of 60% each of the publishers salary, based upon Savage's recommendations, appears to be appropriate.

Their present vacation allotment is 6 weeks which can be continued. However, as with the present contract, they should not take vacations at the same time.

We expect under the new arrangements each of them would undertake a more active role in the day to day operations of the Courier.

The new arrangements will be effective in May 1993. The new arrangements should initially be for a one-year term so that the situation can be evaluated.

(2) Peter Speck is publisher of The N. S. News. We understand that at most he works three or four half days per week, but draws a substantial fee and expenses.

Peter's duties should be spelled out so that he is paid according to the time he is present at the job.

There should be a transitional period of two years while Peter remains the publisher. During this period, the posting and hiring of an associate publisher will be completed. Peter will train and guide this person to succeed as publisher.

After the two year period, the intention would be for Peter to remain on a consulting basis to LMPL, and hold the position of publisher emeritus of N.S. News.

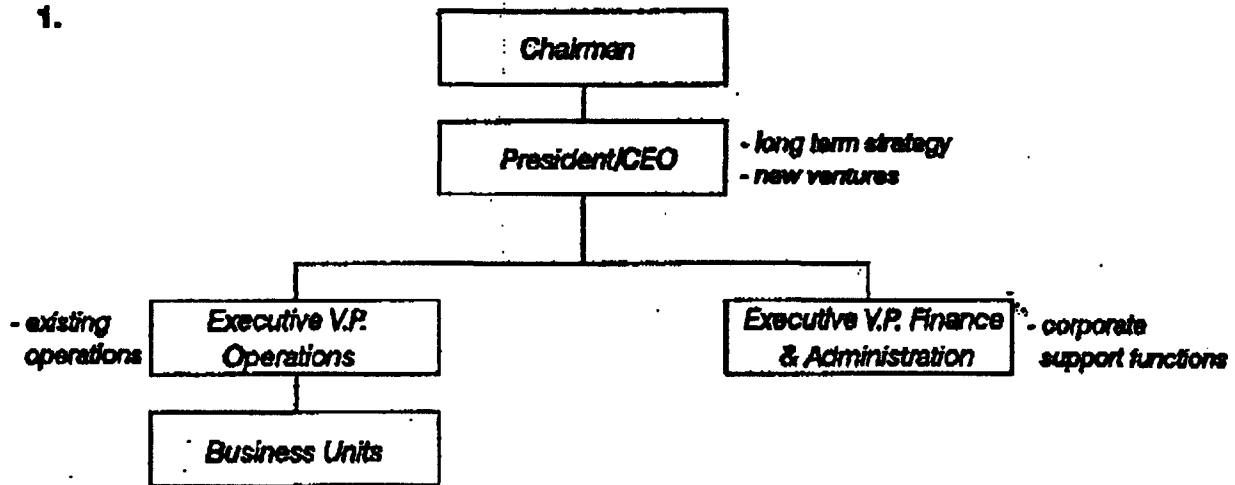
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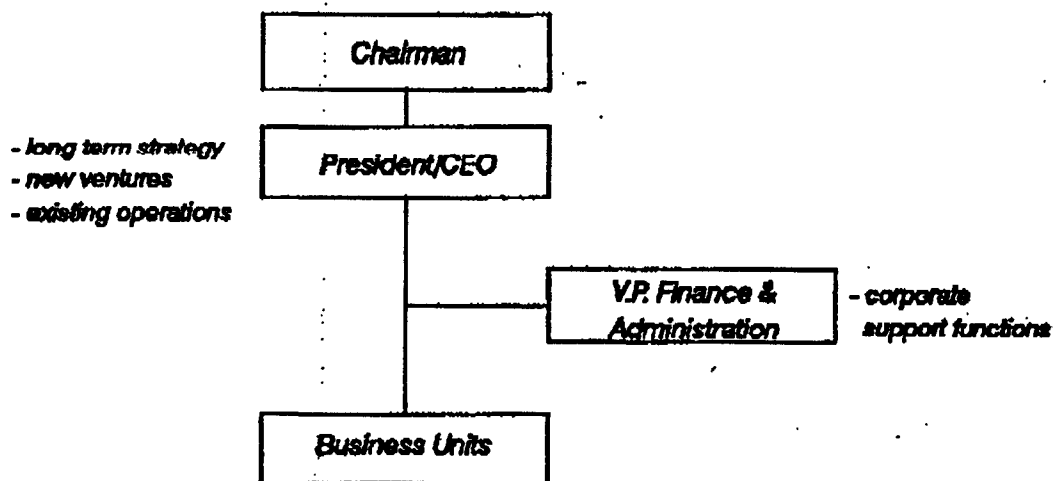
ORGANIZATIONAL ALTERNATIVES

A. Senior Management

1.

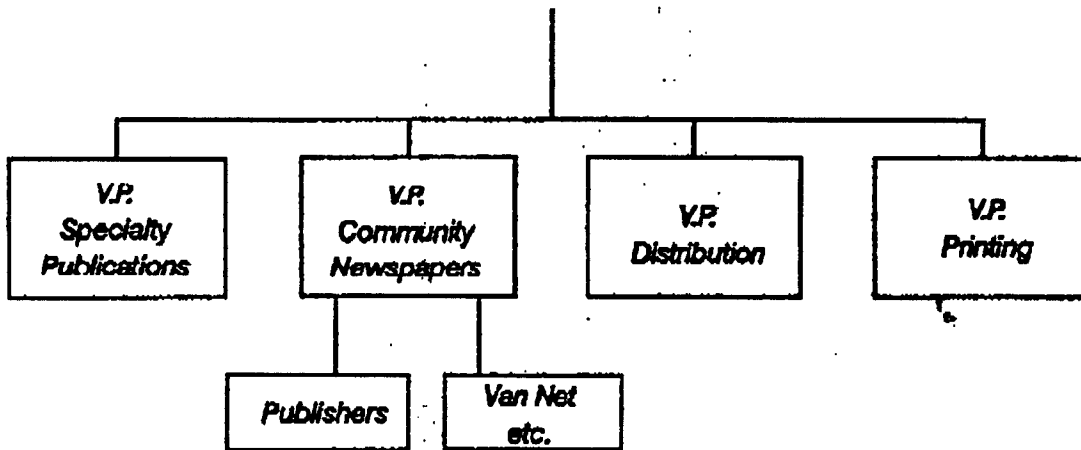


2.



B. Business Unit Structure

1. Product/Service Group Driven



2. Size Driven

