Lee Enterprises Reports 2nd Quarter Earnings

April 22, 2002

DAVENPORT, Iowa--(BUSINESS WIRE)--April 22, 2002--Lee Enterprises, Incorporated (NYSE:LEE), reported today that diluted earnings per share from continuing operations in its second quarter ended March 31, 2002, were 30 cents, the same as a year ago.

Non-operating factors decreased this year's earnings by 5 cents a share in comparison with a year ago. The impact of lower interest rates and lower invested balances reduced this year's earnings by 8 cents a share, while adoption of new accounting rules for intangible assets increased this year's earnings by 3 cents.

On a reported basis, which includes the impact of acquisitions and divestitures, EBITDA (earnings before interest, taxes, depreciation and amortization) increased 10.2 percent to $26.2 million. EBITDA margin improved to 26.2 percent, compared with 23.3 percent a year ago. Revenue decreased 1.9 percent to $100.1 million. Operating expenses, excluding depreciation and amortization, decreased 5.5 percent to $73.9 million, reflecting staff reductions, other cost controls and lower newsprint prices.

On a same-property operating basis, retail advertising revenue increased 3.6 percent, which nearly offset a 24.6 percent decrease in classified employment advertising. Total revenue decreased 0.6 percent from last year to $122.3 million. The results include an additional Sunday in this year's quarter, the effects of an early Easter and generally easier comparisons with a year ago, as the advertising slowdown had already begun. Total classified advertising decreased 7.0 percent, as real estate advertising increased 3.6 percent and automotive decreased 0.5 percent. National advertising, a small category for Lee, decreased 0.6 percent. Online revenue increased 20.6 percent. Circulation revenue increased 3.1 percent, reflecting volume growth as well as the extra Sunday.

Mary Junck, chairman and chief executive officer, said: "Except in help-wanted, we believe the advertising environment has begun to stabilize, and our sales initiatives are continuing to get more traction. With EBITDA up 10.2 percent over last year, we're obviously gratified also by the results of our careful cost control." She added: "We're particularly pleased with our financial performance in light of our intensive efforts this past quarter in completing the acquisition of the Howard newspapers. The transition has proceeded exceptionally well, and we continue to be impressed with the spirit of our employees, both new and old."

The April 1 acquisition of Howard Publications, which includes 15 daily newspapers and a half interest in another, will be reflected in operating results beginning in the quarter ending June 30.

For the six months ended March 31, 2002, total revenue on a same-property basis is down 3.4 percent compared with a year ago. On a reported basis, which includes the impact of acquisitions and divestitures, revenue is down 4.1 percent, operating expenses, excluding depreciation and amortization, are down 6.2 percent, and EBITDA is up 1.8 percent. EBITDA margin has improved to 28.6 percent, compared with 26.9 percent a year ago. Diluted earnings per share from continuing operations total 70 cents, compared with 78 cents a year ago. Non-operating factors decreased this year's earnings for the six months by 10 cents a share in comparison with a year ago. The impact of lower interest rates and lower invested balances reduced this year's earnings by 17 cents, while adoption of the new accounting rules increased this year's earnings by 7 cents.

Lee Enterprises is based in Davenport, Iowa. It owns 38 daily newspapers and a joint interest in seven others. Lee also owns nearly 200 weekly newspapers, shoppers and classified and specialty publications, along with associated online services. Its stock is traded on the New York Stock Exchange under the symbol LEE. More information about Lee Enterprises, including revenue statistics for March, is available at www.lee.net.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
Unaudited. (Thousands, Except Per Common Share Data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2002	2001	2002	2001
Operating revenue:		(3)		(3)
Advertising.................	$ 62,305	$ 63,864	$135,157	$141,535
Circulation	20,194	19,729	40,786	40,903
Other.......................	15,815	17,046	31,821	34,357
Equity in net income of associated companies.......	1,752	1,318	3,929	3,884
	100,066	101,957	211,693	220,679
Operating expenses:				
Compensation................	40,777	41,480	81,557	85,042
Newsprint and ink...........	8,321	9,957	18,320	21,094
Depreciation................	3,590	4,287	7,659	8,412

Amortization of				
Intangible assets(2).......	1,882	3,890	3,804	7,800
Other......................	24,776	26,749	51,276	55,096
	79,346	86,363	162,616	177,444
Operating income.............	20,720	15,594	49,077	43,235
Non-operating (income) expense, net:				
Financial income	(2,467)	(8,431)	(5,235)	(17,942)
Financial expense...........	2,843	3,181	5,882	6,345
Loss on sales of assets	-	-	40	-
Other, net.................	-	234	268	631
	376	(5,016)	955	(10,966)
Income from continuing operations before income taxes	20,344	20,610	48,122	54,201
Income tax expense...........	7,220	7,469	16,998	20,045
Income from continuing operations..................	13,124	13,141	31,124	34,156
Discontinued operations:	-	(85)	-	250,802
Net income...................	$ 13,125	$ 13,056	$ 31,124	$284,958
Earnings per common share:				
Basic:				
Continuing operations......	$0.30	$0.30	$0.71	$0.78
Discontinued operations....	-	-	-	5.75
Net income...................	$0.30	$0.30	$0.71	$6.53
Diluted:				
Continuing operations......	$0.30	$0.30	$0.70	$0.78
Discontinued operations....	-	-	-	5.70
Net income...................	$0.30	$0.30	$0.70	$6.48
Average outstanding shares:				
Basic......................	44,041	43,665	44,009	43,665
Diluted....................	44,331	44,032	44,286	44,002

SELECTED BALANCE SHEET INFORMATION

	March 31,	
	2002	2001
Cash and temporary cash investments......	$ 479,030	$ 494,866
Total assets............................	975,976	1,031,177
Debt, including current maturities.......	173,400	185,000
Stockholders' equity....................	701,986	662,666

(1) Operating basis includes 100% of the revenue of Madison Newspapers, Inc., (MNI) which for financial reporting purposes is reported using the equity method of accounting. Lee owns 50% of the capital stock of MNI.

(2) Amortization of goodwill for the quarter and six months ended March 31, 2001, was $1,991 and $3,982, respectively, including approximately $700 and $1,400, respectively, that is nondeductible

for income tax purposes.

(3) Certain amounts as previously reported have been reclassified to conform with the current period presentation.

The Private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for forward-looking statements. This release contains information that may be deemed forward-looking and that is based largely on the Company's current expectations and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties are changes in advertising demand, newsprint prices, interest rates, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in integration of acquired business or maintaining employee and customer relationships and increased capital and other costs. The words "may," "will," "would," "could," "believes," "expects," "anticipates," "intends," "plans," "projects," "considers" and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this release. The Company does not publicly undertake to update or revise its forward-looking statements.

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