Lee Enterprises Reports EPS Growth of 12.5%

July 19, 2004

DAVENPORT, Iowa--(BUSINESS WIRE)--July 19, 2004--Lee Enterprises, Incorporated (NYSE:LEE), reported today that diluted earnings per common share from continuing operations were 54 cents for its third quarter ended June 30, 2004. The results represent an increase of 12.5 percent over earnings of 48 cents a year ago.

Advertising revenue increased 7.8 percent to $131.4 million, with retail up 4.1 percent, classified up 9.8 percent, online ad revenue up 34.4 percent and niche publications up 40.0 percent. Total operating revenue increased 6.7 percent to $176.0 million.

Operating expenses, excluding depreciation and amortization, increased 6.4 percent to $125.3 million, with compensation up 3.3 percent, newsprint up 9.5 percent and other expenses up 10.8 percent. New niche publications and programs to increase circulation contributed to the expense growth during the quarter, as did acquisitions. Businesses acquired in the current fiscal year added $1.5 million to operating expenses, excluding depreciation and amortization, in the third quarter.

Operating cash flow(1) increased 7.4 percent to $50.7 million. Operating cash flow margin(1) was 28.8 percent, compared with 28.6 percent a year ago. Operating income, which includes equity in net income of associated companies and depreciation and amortization, rose 7.6 percent to $40.9 million. Income from continuing operations increased 14.7 percent to $24.6 million. Net income increased 14.0 percent to $24.5 million.

On a same property basis, which excludes the impact of acquisitions and divestitures made in the current or prior year, total advertising revenue for the quarter ended June 30, 2004, increased 6.6 percent from a year ago and total operating revenue increased 5.6 percent.

"We're delighted to report another quarter of strong performance," said Mary Junck, chairman and chief executive officer. "We credit the strength of our small and midsize markets, and - especially - the impressive results our people are getting from our revenue-building programs. We're leaving no stone unturned as we continue building our position as the market leader in every advertising category, both in print and online."

YEAR TO DATE

For the nine months ended June 30, 2004, advertising revenue increased 6.2 percent to $377.0 million, and total operating revenue increased 5.1 percent to $509.3 million. Operating expenses, excluding depreciation and amortization, rose 4.9 percent to $368.9 million, led by an increase of 10.1 percent for newsprint and ink. Operating cash flow(1) increased 5.5 percent to $140.4 million. Operating cash flow margin(1) was 27.6 percent, compared with 27.4 percent a year ago. Operating income rose 5.8 percent to $111.1 million. Income from continuing operations increased 11.8 percent to $65.2 million. Net income increased 10.6 percent to $64.8 million.

On a same property basis, total advertising revenue for the nine months ended June 30, 2004, increased 5.6 percent from a year ago and total operating revenue increased 4.5 percent.

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

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands, Except EPS Data)	Three Months Ended June 30 2004	2003	%	Nine Months Ended June 30 2004	2003	%
Operating revenue:						
Advertising revenue:						
Retail.........	$ 71,207	$ 68,408	4.1%	$211,315	$203,999	3.6%
National.......	4,541	3,943	15.2	13,822	11,752	17.6
Classified:						
Daily newspapers:						
Employment...	11,889	9,697	22.6	31,430	27,595	13.9
Automotive...	10,165	10,465	(2.9)	29,546	30,210	(2.2)
Real estate..	8,975	8,200	9.5	25,468	22,994	10.8
All other....	8,709	7,781	11.9	21,958	20,672	6.2

Other publications.	9,773	8,936	9.4	27,174	25,588	6.2
Total classified....	49,511	45,079	9.8	135,576	127,059	6.7
Niche publications..	3,114	2,225	40.0	8,227	6,222	32.2
Online.........	3,004	2,235	34.4	7,989	5,854	36.5
Total advertising revenue........	131,377	121,890	7.8	376,929	354,886	6.2
Circulation.....	32,363	32,312	0.2	97,872	97,566	0.3
Commercial printing.......	5,301	4,840	9.5	14,803	14,214	4.1
Online services & other........	6,925	5,922	16.9	19,690	17,882	10.1
Total operating revenue........	175,966	164,964	6.7	509,294	484,548	5.1
Operating expenses:						
Compensation...	68,838	66,649	3.3	206,196	200,141	3.0
Newsprint and ink...........	16,334	14,912	9.5	46,556	42,272	10.1
Other operating expenses......	40,097	36,203	10.8	116,171	109,128	6.5
Operating expenses, excluding depreciation and amortization...	125,269	117,764	6.4	368,923	351,541	4.9
Operating cash flow(1)........	50,697	47,200	7.4	140,371	133,007	5.5
Depreciation....	5,179	4,418	17.2	14,801	13,497	9.7
Amortization....	6,855	6,758	1.4	20,520	20,210	1.5
Operating income, before equity in net income of associated companies......	38,663	36,024	7.3	105,050	99,300	5.8
Equity in net income of associated companies......	2,209	1,962	12.6	6,090	5,733	6.2
Operating income	40,872	37,986	7.6	111,140	105,033	5.8
Non-operating income:						
Financial income........	243	373	(34.9)	808	916	(11.8)
Financial expense.......	(2,867)	(4,072)	(29.6)	(9,801)	(13,032)	(24.8)
Other, net.....	-	(408)	NM	(294)	(795)	NM
	(2,624)	(4,107)	(36.1)	(9,287)	(12,911)	(28.1)

Income from continuing operations before income taxes	38,248	33,879	12.9	101,853	92,122	10.6
Income tax expense	13,696	12,475	9.8	36,632	33,763	8.5
Income from continuing operations	24,552	21,404	14.7	65,221	58,359	11.8
Discontinued operations	(88)	54	NM	(464)	181	NM
Net income	$ 24,464	$ 21,458	14.0%	$ 64,757	$ 58,540	10.6%
Earnings per common share:						
Basic:						
Continuing operations	$ 0.55	$ 0.48	14.6%	$ 1.46	$ 1.32	10.6%
Discontinued operations	-	-	-	(0.01)	-	NM
Net income	$ 0.55	$ 0.48	14.6%	$ 1.45	$ 1.32	9.8%
Diluted:						
Continuing operations	$ 0.54	$ 0.48	12.5%	$ 1.45	$ 1.31	10.7%
Discontinued operations	-	-	-	(0.01)	-	NM
Net income	$ 0.54	$ 0.48	12.5%	$ 1.44	$ 1.32	9.1%
Average common shares:						
Basic	44,884	44,351		44,733	44,277	
Diluted	45,205	44,574		45,032	44,444	

SELECTED BALANCE SHEET INFORMATION

	June 30	
(Thousands)	2004	2003
Cash and temporary cash investments	$ 8,251	$ 20,960
Total assets	1,402,383	1,436,029
Debt, including current maturities	234,600	331,200
Stockholders' equity	860,136	787,798

NOTES:

(1) Operating cash flow, which is defined as operating income before depreciation, amortization and equity in net income of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures. A reconciliation of operating cash flow to operating income, the most directly comparable measure under accounting principles generally accepted in the United States (GAAP), is reflected in the tables accompanying this release. The Company believes that operating cash flow and the related margin ratio are useful measures of evaluating its financial performance because of

their focus on the Company's results from operations before depreciation and amortization. The Company also believes that these measures are several of the alternative financial measures of performance used by investors, rating agencies and financial analysts to estimate the value of a company and evaluate its ability to meet debt service requirements.

(2) Certain amounts as previously reported have been reclassified to conform with the current period presentation. Also, in order to report revenue statistics on a basis more consistent with peer newspaper companies and to recognize the growing importance of niche and online advertising revenue, several revenue categories have been reclassified. The prior period has been restated for comparative purposes, and the reclassifications have no impact on earnings.

(3) Same property comparisons exclude acquisitions and divestitures made in the current or prior year. Same property revenue also excludes revenue of Madison Newspapers, Inc., (MNI). Lee owns 50% of the capital stock of MNI, which for financial reporting purposes is reported using the equity method of accounting.

(4) The Company disclaims responsibility for updating information beyond the release date.

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 businesses 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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