Lee Enterprises Reports EPS Growth of 6.8% for Quarter and 9.7% for Fiscal Year

November 11, 2004

DAVENPORT, Iowa--(BUSINESS WIRE)--Nov. 11, 2004--Lee Enterprises, Incorporated (NYSE:LEE), reported today that diluted earnings per common share from continuing operations were 47 cents for its fourth quarter ended Sept. 30, 2004, and $1.92 for the fiscal year. The results represent increases of 6.8 percent over 44 cents in the quarter a year ago and 9.7 percent over $1.75 in fiscal 2003.

"Same property advertising revenue growth of 9.5 percent in September capped off another banner year for Lee," said Mary Junck, chairman and chief executive officer. "Our newspapers turned in impressive performance across the board in fiscal 2004, adding up to strong results for stockholders. We've stayed focused on our top priorities of growing revenue creatively and rapidly, increasing readership and circulation, emphasizing strong local news, driving our online strength and exercising careful cost controls. As a result, we've continued to become even more vital in our markets as the far-and-away leader for news and advertising, both in print and online."

Advertising revenue for the quarter increased 8.2 percent to $130.2 million, with retail up 6.0 percent, classified up 10.0 percent, online ad revenue up 25.1 percent and niche publications down 0.7 percent. Total operating revenue increased 6.9 percent to $174.0 million. On a same property basis, which excludes the impact of acquisitions made in the current or prior year, total advertising revenue for the quarter ended Sept. 30, 2004, increased 6.2 percent from a year ago and total operating revenue increased 5.1 percent.

Operating expenses, excluding depreciation and amortization, increased 6.2 percent to $128.2 million, with compensation up 4.0 percent, newsprint up 15.6 percent as a result of supplier rate increases and other expenses up 6.5 percent. All categories of expenses were affected by acquisitions made during the fiscal year. Same property operating expenses in the quarter, excluding depreciation and amortization, increased 4.4 percent.

Operating cash flow(1) increased 8.9 percent to $45.9 million. Operating cash flow margin(1) was 26.4 percent, compared with 25.9 percent a year ago. Operating income, which includes equity in net income of associated companies and depreciation and amortization, rose 8.4 percent to $35.4 million. Income from continuing operations increased 8.8 percent to $21.2 million. Net income increased 9.3 percent to $21.3 million.

CIRCULATION RESULTS

As reported Nov. 1 by the Audit Bureau of Circulations, Lee's circulation volume held steady in the six-month Fas-Fax period that ended Sept. 30. For the 39 Lee newspapers included in the report, average paid circulation was flat both daily and Sunday compared with the previous year. In comparison, the Newspaper Association of America reported that the average change for all newspapers during the period was minus 0.9 percent daily and minus 1.5 percent Sunday. Lee's 44 daily newspapers have combined paid circulation of 1.1 million weekdays and 1.2 million on Sundays.

FISCAL YEAR

For the year ended Sept. 30, 2004, advertising revenue increased 6.7 percent to $507.1 million, and total operating revenue increased 5.6 percent to $683.3 million. Operating expenses, excluding depreciation and amortization, rose 5.3 percent to $497.1 million, led by an increase of 11.5 percent for newsprint and ink. Operating cash flow(1) increased 6.3 percent to $186.2 million. Operating cash flow margin(1) was 27.3 percent, compared with 27.1 percent a year ago. Operating income rose 6.4 percent to $146.6 million. Income from continuing operations increased 11.0 percent to $86.5 million. Net income increased 10.3 percent to $86.1 million.

On a same property basis, total advertising revenue for the year ended Sept. 30, 2004, increased 5.7 percent from a year ago and total operating revenue increased 4.7 percent. Same property operating expenses, excluding depreciation and amortization, increased 4.7 percent.

Tables follow.

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 September, is available at www.lee.net.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended Sept. 30			Year Ended Sept. 30		
(Thousands, Except EPS Data)	2004	2003	%	2004	2003	%
Operating revenue:						

Advertising revenue:						
Retail	$ 69,687	$ 65,741	6.0%	$283,892	$272,213	4.3%
National	4,582	3,860	18.7	18,404	15,612	17.9
Classified:						
Daily newspapers:						
Employment	12,556	10,951	14.7	44,562	39,058	14.1
Automotive	10,724	10,794	(0.6)	40,873	41,832	(2.3)
Real estate	9,308	8,370	11.2	34,081	30,569	11.5
All other	7,153	6,075	17.7	25,572	23,728	7.8
Other publications	10,091	9,093	11.0	37,431	34,682	7.9
Total classified	49,832	45,283	10.0	182,519	169,869	7.4
Niche publications	2,985	3,005	(0.7)	11,212	9,227	21.5
Online	3,133	2,505	25.1	11,121	8,359	33.0
Total advertising revenue	130,219	120,394	8.2	507,148	475,280	6.7
Circulation	32,680	32,631	0.2	130,552	130,197	0.3
Commercial printing	5,048	4,469	13.0	19,851	18,683	6.3
Online services & other	6,083	5,291	15.0	25,773	23,173	11.2
Total operating revenue	174,030	162,785	6.9	683,324	647,333	5.6
Operating expenses:						
Compensation	70,008	67,315	4.0	276,204	267,456	3.3
Newsprint and ink	16,974	14,683	15.6	63,502	56,955	11.5
Other operating expenses	41,178	38,647	6.5	157,377	147,775	6.5
Operating expenses, excluding depreciation and amortization	128,160	120,645	6.2	497,083	472,186	5.3
Operating cash flow(1)	45,870	42,140	8.9	186,241	175,147	6.3
Depreciation	5,777	5,035	14.7	20,578	18,532	11.0
Amortization	6,929	6,765	2.4	27,449	26,975	1.8
Operating income, before equity in net income of associated companies	33,164	30,340	9.3	138,214	129,640	6.6
Equity in net income of associated companies	2,250	2,320	(3.0)	8,340	8,053	3.6
Operating income	35,414	32,660	8.4	146,554	137,693	6.4

Non-operating income:						
Financial income	258	204	26.5	1,066	1,120	(4.8)
Financial expense	(2,864)	(3,503)	(18.2)	(12,665)	(16,535)	(23.4)
Other, net	-	(254)	NM	(294)	(1,049)	NM
	(2,606)	(3,553)	(26.7)	(11,893)	(16,464)	(27.8)
Income from continuing operations before income taxes	32,808	29,107	12.7	134,661	121,229	11.1
Income tax expense	11,560	9,585	20.6	48,192	43,348	11.2
Income from continuing operations	21,248	19,522	8.8	86,469	77,881	11.0
Discontinued operations	66	(21)	NM	(398)	160	NM
Net income	$ 21,314	$ 19,501	9.3%	$ 86,071	$ 78,041	10.3%
Earnings per common share:						
Basic:						
Continuing operations	$ 0.47	$ 0.44	6.8%	$ 1.93	$ 1.76	9.7%
Discontinued operations	-	-	-	(0.01)	-	NM
Net income	$ 0.47	$ 0.44	6.8%	$ 1.92	$ 1.76	9.1%
Diluted:						
Continuing operations	$ 0.47	$ 0.44	6.8%	$ 1.92	$ 1.75	9.7%
Discontinued operations	-	-	-	(0.01)	-	NM
Net income	$ 0.47	$ 0.44	6.8%	$ 1.91	$ 1.75	9.1%
Average common shares:						
Basic	44,969	44,436		44,792	44,316	
Diluted	45,271	44,718		45,092	44,513	

SELECTED BALANCE SHEET INFORMATION

	Sept. 30	
(Thousands)	2004	2003
Cash and temporary cash investments	$ 8,010	$ 11,064
Total assets	1,403,844	1,421,377
Debt, including current maturities	213,600	305,200
Stockholders' equity	876,843	802,156

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. 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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