LEE ENTERPRISES

Lee Enterprises Reports Earnings for Second Fiscal Quarter

April 20, 2006

DAVENPORT, Iowa--(BUSINESS WIRE)--April 20, 2006--Lee Enterprises, Incorporated (NYSE:LEE), reported today that diluted earnings per common share from continuing operations were 32 cents for its second fiscal quarter ended March 31, 2006, compared with 40 cents a year ago, reflecting additional financial expense and amortization of intangible assets from the acquisition of Pulitzer Inc. in June 2005.

Early retirement and transition costs related to the acquisition of Pulitzer reduced diluted earnings per common share from continuing operations by 2 cents. Earnings in both the current and prior year reflect the impact of stock compensation expense, which Lee has been recognizing since October 2002.

Mary Junck, chairman and chief executive officer, said: "Strong growth in online, employment and niche advertising revenue helped offset slower spending by automotive, national and department store customers. As a result of continued strong cash flow, we were able to reduce debt in the quarter by $54.0 million and continue delivering on our successful acquisition of Pulitzer."

On a reported basis, which includes the addition of Pulitzer in the current year, advertising revenue for the quarter increased 68.6 percent from a year ago to $210.9 million, with growth of 57.3 percent in retail, 72.1 percent in classified and 147.7 percent in national. Online advertising revenue increased 146.1 percent, and niche advertising rose 39.7 percent. Circulation revenue increased 60.7 percent. Total operating revenue increased 63.5 percent to $275.8 million.

On a same property (1) basis, which excludes the impact of Pulitzer and other acquisitions and divestitures made in the current or prior year, total advertising revenue for the quarter increased 1.7 percent from a year ago, with retail up 0.3 percent, classified up 1.6 percent, national down 8.8 percent and online advertising revenue up 38.2 percent. Circulation revenue decreased 1.9 percent, and total operating revenue increased 0.8 percent.

Operating expenses, on a reported basis, excluding depreciation and amortization, increased 68.2 percent to $213.5 million for the quarter, also reflecting the acquisition of Pulitzer. Compensation expense increased 60.0 percent, newsprint and ink increased 85.7 percent, and other expenses increased 73.3 percent. Transition and early retirement costs related to the acquisition of Pulitzer added $1.1 million.

Same property operating expenses, excluding depreciation and amortization, increased 3.2 percent in the quarter, with compensation up 1.4 percent, newsprint and ink up 8.5 percent, and other operating expenses up 4.1 percent.

Operating cash flow (2) increased 49.1 percent to $62.3 million, including acquisitions and related costs. Operating income, which includes equity in earnings of associated companies and depreciation and amortization, increased 43.0 percent to $45.0 million. Non-operating expenses, which include financial expense related to Pulitzer, totaled $22.1 million, compared with $2.6 million a year ago. As a result, income from continuing operations before income taxes decreased 20.5 percent to $22.9 million. Net income decreased 20.1 percent to $14.4 million.

YEAR TO DATE

For the six months ended March 31, diluted earnings per common share from continuing operations total 82 cents, compared with $1.00 a year ago. Excluding 14 cents of early retirement and transition costs related to the acquisition of Pulitzer, diluted earnings per common share from continuing operations total 96 cents.

On a reported basis, including acquisitions, advertising revenue for the six months increased 69.1 percent to $448.0 million, and total operating revenue increased 64.0 percent to $578.4 million. Operating expenses, excluding depreciation and amortization, rose 72.1 percent to $441.5 million. On a same property basis, advertising revenue increased 1.5 percent, total operating revenue increased 0.6 percent, and operating expenses, excluding depreciation and amortization, increased 3.1 percent.

Including acquisitions, operating cash flow increased 42.3 percent, to $136.9 million. Operating income rose 34.6 percent to $103.6 million. Income from continuing operations before income taxes decreased 18.0 percent to $58.9 million. Net income decreased 17.5 percent to $37.2 million.

PULITZER TRANSITION COSTS

The following table summarizes the impact on earnings per diluted common share from early retirement and transition costs related to the acquisition of Pulitzer:

	Three Months Ended March 31	Six Months Ended March 31
Diluted EPS, continuing operations	$ 0.32	$0.82
Early retirement program and other Pulitzer transition costs	0.02	0.14
Diluted EPS, excluding costs related to Pulitzer acquisition	$ 0.33 (a)	$0.96

==

(a) Amounts do not add due to rounding

Consolidated statements of income and selected balance sheet tables follow. Expanded tables with same property comparisons, as well as revenue statistics for March, are available at www.lee.net/financial.

Lee Enterprises is a premier publisher of newspapers in midsize markets, with 52 dailies and a joint interest in six others, a rapidly growing online business and more than 300 weekly newspapers and specialty publications in 23 states. Lee's newspapers have circulation of 1.7 million daily and 1.9 million Sunday, reaching more than four million readers daily. Lee's newspaper online sites reach more than two million users, and Lee's weekly publications have distribution of more than 4.5 million households. Lee's newspapers include such diverse markets as Napa, Calif.; Bloomington, Ill.; Billings, Mont.; Escondido, Calif.; Madison, Wis.; and St. Louis, Mo. Lee is based in Davenport, Iowa, and its stock is traded on the New York Stock Exchange under the symbol LEE. For more information about Lee Enterprises, please visit www.lee.net.

LEE ENTERPRISES,INCORPORATED
CONSOLIDATED STATEMENTS OFINCOME
(Unaudited)

	Three Months Ended March 31		
(Thousands, Except EPS Data)	2006	2005	%
Operating revenue:			
Advertising revenue:			
Retail...................	$107,940	$68,642	57.3 %
National.................	14,138	5,708	147.7
Classified:			
Daily newspapers:			
Employment.............	22,749	12,302	84.9
Automotive.............	14,577	9,233	57.9
Real estate............	14,965	8,754	71.0
All other..............	9,225	5,445	69.4
Other publications......	14,259	8,292	72.0
Total classified.........	75,775	44,026	72.1
Online...................	8,498	3,453	146.1
Niche publications.......	4,567	3,268	39.7
Total advertising revenue	210,918	125,097	68.6
Circulation...............	51,121	31,807	60.7
Commercial printing.......	5,643	5,127	10.1
Online services & other..	8,087	6,664	21.4
Total operating revenue..	275,769	168,695	63.5
Operating expenses:			
Compensation.............	113,553	70,954	60.0
Newsprint and ink........	29,830	16,066	85.7
Other operating expenses	69,012	39,813	73.3
Transition costs.........	801	93	NM
Early retirement program	281	-	NM
Operating expenses, excluding depreciation and amortization.........	213,477	126,926	68.2
Operating cash flow(2)	62,292	41,769	49.1
Depreciation..............	8,265	5,165	60.0
Amortization..............	14,030	6,409	118.9
Equity in earnings of associated companies:			
Tucson partnership......	3,550	-	NM
Madison Newspapers......	1,467	1,635	(10.3)

Other..................	-	(348)	NM
Operating income..........	45,014	31,482	43.0
Non-operating income:			
Financial income.........	1,610	189	751.9
Financial expense........	(23,694)	(2,747)	762.5
Other, net...............	-	(65)	NM
	(22,084)	(2,623)	741.9
Income before income taxes............	22,930	28,859	(20.5)
Income tax expense........	8,231	10,795	(23.8)
Minority interest.........	264	-	NM
Net income...............	$14,435	$18,064	(20.1)%
Earnings per common share:			
Basic....................	$0.32	$0.40	(20.0)%
Diluted..................	$0.32	$0.40	(20.0)%
Average common shares:			
Basic....................	45,390	45,086	
Diluted..................	45,526	45,315	

	Six Months Ended March 31		
(Thousands, Except EPS Data)	2006	2005	%
Operating revenue:			
Advertising revenue:			
Retail..................	$243,470	$152,104	60.1 %
National................	31,812	12,257	159.5
Classified:			
Daily newspapers:			
Employment............	42,883	23,084	85.8
Automotive............	28,815	19,096	50.9
Real estate...........	30,304	17,975	68.6
All other.............	18,454	11,148	65.5
Other publications......	28,232	16,728	68.8
Total classified.........	148,688	88,031	68.9
Online..................	15,969	6,577	142.8
Niche publications.......	8,054	5,934	35.7
Total advertising revenue	447,993	264,903	69.1
Circulation..............	102,941	64,258	60.2
Commercial printing.......	11,652	10,507	10.9
Online services & other..	15,822	13,111	20.7
Total operating revenue..	578,408	352,779	64.0
Operating expenses:			
Compensation............	228,624	142,683	60.2
Newsprint and ink........	61,392	32,893	86.6
Other operating expenses	141,707	80,922	75.1
Transition costs.........	1,153	103	NM
Early retirement program	8,654	-	NM
Operating expenses,			

excluding depreciation and amortization.........	441,530	256,601	72.1
Operating cash flow(2)	136,878	96,178	42.3
Depreciation..............	16,596	10,110	64.2
Amortization..............	27,984	12,970	115.8
Equity in earnings of associated companies:			
Tucson partnership......	7,688	-	NM
Madison Newspapers......	3,632	4,261	(14.8)
Other...................	-	(381)	NM
Operating income..........	103,618	76,978	34.6
Non-operating income:			
Financial income.........	2,966	467	535.1
Financial expense........	(47,731)	(5,586)	754.5
Other, net...............	-	(65)	NM
	(44,765)	(5,184)	763.5
Income before income taxes.............	58,853	71,794	(18.0)
Income tax expense........	21,131	26,719	(20.9)
Minority interest.........	523	-	NM
Net income................	$37,199	$45,075	(17.5)%
Earnings per common share:			
Basic....................	$0.82	$1.00	(18.0)%
Diluted..................	$0.82	$1.00	(18.0)%
Average common shares:			
Basic....................	45,325	45,057	
Diluted..................	45,462	45,279	

SELECTED BALANCE SHEET INFORMATION

	March 31	
(Thousands)	2006	2005
Cash....................................	$7,918	$1,168
Restricted cash and investments.........	88,560	-
Debt (principal amount).................	1,606,000	165,000

NOTES:

(1) Same property comparisons exclude acquisitions and divestitures made in the current and prior year. Same property revenue also excludes revenue of Madison Newspapers, Inc. (MNI), in which Lee owns a 50% share. It is reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

(2) Operating cash flow, which is defined as operating income before depreciation, amortization and equity in net income of associated companies, is a non-GAAP financial measure. 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.

(3) 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.

(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, energy costs, 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.

CONTACT:
Lee Enterprises, Incorporated, Davenport
Dan Hayes, 563-383-2100
dan.hayes@lee.net

SOURCE:
Lee Enterprises, Incorporated