UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended June 30, 2019

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6227
LEE ENTERPRISES, INCORPORATED

(Exact name of Registrant as specified in its Charter)

Delaware	42-0823980
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

201 N. Harrison Street, Suite 600, Davenport, Iowa 52801
(Address of principal executive offices)

(563) 383-2100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $.01 per share	LEE	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files.
Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer", "accelerated filer", "smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[X]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]
		Emerging growth company	[ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

As of July 31, 2019 57,823,272 shares of Common Stock of the Registrant were outstanding.

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References to “we”, “our”, “us” and the like throughout this document refer to Lee Enterprises, Incorporated (the "Company"). References to "2019", "2018" and the like refer to the fiscal years ended the last Sunday in September.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This report contains information that may be deemed forward-looking that is based largely on our 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, which in some instances are beyond our control, are:

- Our ability to generate cash flows and maintain liquidity sufficient to service our debt;
- Our ability to comply with the financial covenants in our credit facilities;
- Our ability to refinance our debt as it comes due;
- That the warrants issued in our refinancing will not be exercised;
- The impact and duration of adverse conditions in certain aspects of the economy affecting our business;
- Changes in advertising and subscription demand;
- Changes in technology that impact our ability to deliver digital advertising;
- Potential changes in newsprint, other commodities and energy costs;
- Interest rates;
- Labor costs;
- Significant cyber security breaches of failure of our information technology systems;
- Legislative and regulatory rulings, including the 2017 Tax Act;
- Our ability to achieve planned expense reductions;
- Our ability to maintain employee and customer relationships;
- Our ability to manage increased capital costs;
- Our ability to maintain our listing status on the NYSE;
- Competition; and
- Other risks detailed from time to time in our publicly filed documents.

Any statements that are not statements of historical fact (including statements containing the words “may”, “will”, “would”, “could”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “projects”, “considers” and similar expressions) generally should be considered 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 report. We do not undertake to publicly update or revise our forward-looking statements, except as required by law.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2019	September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	13,516	5,380
Accounts receivable and contract assets, net	47,772	43,711
Inventories	3,258	5,684
Other	6,706	4,567
Total current assets	71,252	59,342
Investments:		
Associated companies	28,926	29,216
Other	10,905	10,958
Total investments	39,831	40,174
Property and equipment:		
Land and improvements	16,947	17,432
Buildings and improvements	149,494	150,376
Equipment	271,121	276,332
Construction in process	2,771	1,710
	440,333	445,850
Less accumulated depreciation	354,784	353,522
Property and equipment, net	85,549	92,328
Goodwill	249,727	246,176
Other intangible assets, net	110,806	119,819
Medical plan assets, net	15,766	16,157
Other	1,470	1,415
Total assets	574,401	575,411

The accompanying Notes are an integral part of the Consolidated Financial Statements.

(Thousands of Dollars and Shares, Except Per Share Data)	June 30, 2019	September 30, 2018
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	3,931	7,027
Accounts payable	13,747	12,747
Compensation and other accrued liabilities	17,492	19,641
Accrued interest	11,010	2,031
Unearned revenue	22,970	23,895
Total current liabilities	69,150	65,341
Long-term debt, net of current maturities	442,026	460,777
Pension obligations	24,951	26,745
Postretirement and postemployment benefit obligations	2,526	2,580
Deferred income taxes	39,238	39,108
Income taxes payable	7,430	6,559
Warrants and other	10,620	10,561
Total liabilities	595,941	611,671
Equity (deficit):		
Stockholders' equity (deficit):		
Serial convertible preferred stock, no par value; authorized 500 shares; none issued	—	—
Common Stock, $0.01 par value; authorized 120,000 shares; issued and outstanding:	578	572
June 30, 2019: 58,823 shares;		
September 30, 2018: 57,141 shares		
Class B Common Stock, $2 par value; authorized 30,000 shares; none issued	—	—
Additional paid-in capital	254,727	253,511
Accumulated deficit	(266,242)	(279,691)
Accumulated other comprehensive loss	(12,112)	(11,746)
Total stockholders' deficit	(23,049)	(37,354)
Non-controlling interests	1,509	1,094
Total deficit	(21,540)	(36,260)
Total liabilities and deficit	574,401	575,411

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
(Thousands of Dollars, Except Per Common Share Data)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018
Operating revenue:				
Advertising and marketing services	65,754	73,538	204,651	229,751
Subscription	46,620	48,165	137,965	142,405
Other	14,910	10,915	43,573	32,052
Total operating revenue	127,284	132,618	386,189	404,208
Operating expenses:				
Compensation	45,373	48,570	140,197	149,551
Newsprint and ink	5,230	6,442	17,394	17,920
Other operating expenses	48,157	49,159	145,915	148,830
Depreciation and amortization	7,347	7,904	22,263	23,973
Assets loss (gain) on sales, impairments and other, net	(195)	101	(212)	(1,197)
Restructuring costs and other	2,792	1,865	5,612	4,150
Total operating expenses	108,704	114,041	331,169	343,227
Equity in earnings of associated companies	1,451	1,578	5,298	5,569
Operating income	20,031	20,155	60,318	66,550
Non-operating income (expense):				
Interest expense	(11,860)	(12,913)	(36,256)	(39,837)
Debt financing and administrative costs	(4,196)	(1,747)	(6,053)	(4,061)
Other, net	3,702	1,227	2,730	3,168
Total non-operating expense, net	(12,354)	(13,433)	(39,579)	(40,730)
Income before income taxes	7,677	6,722	20,739	25,820
Income tax expense (benefit)	1,505	1,972	6,175	(16,791)
Net income	6,172	4,750	14,564	42,611
Net income attributable to non-controlling interests	(406)	(292)	(1,115)	(911)
Income attributable to Lee Enterprises, Incorporated	5,766	4,458	13,449	41,700
Other comprehensive income (loss), net of income taxes	(122)	27	(365)	18
Comprehensive income attributable to Lee Enterprises, Incorporated	5,644	4,485	13,084	41,718
Earnings per common share:				
Basic:	0.10	0.08	0.24	0.76
Diluted:	0.10	0.08	0.24	0.75

The accompanying Notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

(Thousands of Dollars)	Accumulated Deficit	Common Stock	Additional paid-in capital	Accumulated Other Comprehensive Loss	Total
October 1, 2018	(279,691)	572	253,511	(11,746)	(37,354)
Shares issued (redeemed)	—	5	(453)	—	(448)
Income attributable to Lee Enterprises, Incorporated	10,361	—	—	—	10,361
Stock compensation	—	—	385	—	385
Other comprehensive loss	—	—	—	(163)	(163)
Deferred income taxes, net	—	—	—	41	41
December 30, 2018	(269,330)	577	253,443	(11,868)	(27,178)
Shares issued (redeemed)	—	—	317	—	317
Loss attributable to Lee Enterprises, Incorporated	(2,678)	—	—	—	(2,678)
Stock compensation	—	—	425	—	425
Other comprehensive loss	—	—	—	(163)	(163)
Deferred income taxes, net	—	—	—	41	41
March 31, 2019	(272,008)	577	254,185	(11,990)	(29,236)
Shares issued (redeemed)	—	1	221	—	222
Income attributable to Lee Enterprises, Incorporated	5,766	—	—	—	5,766
Stock compensation	—	—	321	—	321
Other comprehensive loss	—	—	—	(163)	(163)
Deferred income taxes, net	—	—	—	41	41
June 30, 2019	(266,242)	578	254,727	(12,112)	(23,049)

(Thousands of Dollars)	Accumulated Deficit	Common Stock	Additional paid-in capital	Accumulated Other Comprehensive Loss	Total
September 25, 2017	(328,524)	567	251,790	(16,068)	(92,235)
Shares issued (redeemed)	—	4	(465)	—	(461)
Income attributable to Lee Enterprises, Incorporated	35,003	—	—	—	35,003
Stock compensation	—	—	519	—	519
Other comprehensive income	—	—	—	36	36
Deferred income taxes, net	—	—	—	(9)	(9)
December 24, 2017	(293,521)	571	251,844	(16,041)	(57,147)
Shares issued (redeemed)	—	(1)	19	—	18
Income attributable to Lee Enterprises, Incorporated	2,239	—	—	—	2,239
Stock compensation	—	—	439	—	439
Other comprehensive loss	—	—	—	(71)	(71)
Deferred income taxes, net	—	—	—	35	35
March 25, 2018	(291,282)	570	252,302	(16,077)	(54,487)
Shares issued (redeemed)	—	1	88	—	89
Income attributable to Lee Enterprises, Incorporated	4,458	—	—	—	4,458
Stock compensation	—	—	573	—	573
Other comprehensive income	—	—	—	36	36
Deferred income taxes, net	—	—	—	(9)	(9)
June 24, 2018	(286,824)	571	252,963	(16,050)	(49,340)

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	39 Weeks Ended	
(Thousands of Dollars)	June 30, 2019	June 24, 2018
Cash provided by (required for) operating activities:		
Net income	14,564	42,611
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,263	23,973
Curtailment gains	—	(2,031)
Stock compensation expense	1,131	1,441
Distributions greater than earnings of MNI	648	477
Deferred income taxes	253	(17,834)
Debt financing and administrative costs	6,053	4,060
Pension contributions	(650)	(780)
Other, net	(745)	162
Changes in operating assets and liabilities:		
Decrease in receivables and contract assets	(3,435)	3,509
Decrease (increase) in inventories and other	2,383	(2,584)
Decrease in accounts payable and other accrued liabilities	2,666	5,983
Decrease in pension and other postretirement and postemployment benefit obligations	(782)	(1,590)
Change in income taxes payable	(419)	614
Other, including warrants	(144)	(978)
Net cash provided by operating activities	43,786	57,033
Cash provided by (required for) investing activities:		
Purchases of property and equipment	(3,753)	(4,281)
Proceeds from sales of assets	1,477	3,117
Acquisitions	(5,274)	(1,738)
Distributions greater (less) than earnings of TNI	(358)	829
Other, net	(3)	(3)
Net cash required for investing activities	(7,911)	(2,076)
Cash required for financing activities:		
Payments on long-term debt	(26,301)	(48,573)
Debt financing and administrative costs paid	(1,149)	(432)
Common stock transactions, net	(289)	(544)
Net cash required for financing activities	(27,739)	(49,549)
Net increase in cash and cash equivalents	8,136	5,408
Cash and cash equivalents:		
Beginning of period	5,380	10,621
End of period	13,516	16,029

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited, interim, Consolidated Financial Statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for quarterly reports. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Lee Enterprises, Incorporated and subsidiaries (the “Company”) as of June 30, 2019 and our results of operations and cash flows for the periods presented. The Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2018 Annual Report on Form 10-K.

Because of seasonal and other factors, the results of operations for the 13 weeks and 39 weeks ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year.

References to “we”, “our”, “us” and the like throughout the Consolidated Financial Statements refer to the Company. References to “2019”, “2018” and the like refer to the fiscal years ended the last Sunday in September.

The Consolidated Financial Statements include our accounts and those of our subsidiaries, all of which are wholly-owned, except for our 82.5% interest in INN Partners, L.C. ("TownNews.com"), 50% interest in TNI Partners (“TNI”) and 50% interest in Madison Newspapers, Inc. (“MNI”).

Investments in TNI and MNI are accounted for using the equity method and are reported at cost, plus our share of undistributed earnings since acquisition less, for TNI, amortization of intangible assets.

On June 26, 2018, we entered into an agreement with BH Media Group, Inc. ("BH Media") to manage Berkshire Hathaway's newspaper and digital operations in 30 markets (the "Management Agreement"). The Company operates BH Media consistent with how it manages its own newspaper and digital operations. Among other decisions, Berkshire Hathaway is responsible for approving operating and capital budgets. The Management Agreement extends for a term of five years and may be extended thereafter for successive one-year terms on such terms as may be mutually agreed to by the Company and Berkshire Hathaway. The Company is paid a fixed annual fee of $5 million, payable quarterly in arrears, and a variable fee based on the financial performance of BH Media. The variable fees are payable annually in arrears. As of June 30, 2019, the end of the first year of the management agreement, we earned fees of $11,320,000.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We evaluate these estimates and judgments on an ongoing basis.

We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

New accounting pronouncements

Between 2014 and 2017, the FASB issued several new standards related to revenue recognition ("the New Revenue Standard"). The New Revenue Standard supersedes existing revenue recognition requirements and is effective in fiscal years beginning after December 15, 2017. The New Revenue Standard provides a five-step model in determining when and how revenue is recognized and requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The New Revenue Standard also requires new disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We adopted the New Revenue Standard on October 1, 2018, using the modified retrospective method applied to those contracts which were not completed as of that date. We completed our assessment and did not identify any significant changes to our revenue recognition policies. We identified similar performance obligations under the New Revenue Standard as compared with the deliverables and separate units of accounting previously identified under existing guidance. As a result, the timing and amount of our revenue recognition were not impacted and we did not make any adjustments under the modified retrospective adoption method.

We have also assessed the new accounting principles related to the deferral and amortization of contract acquisition costs and due to the short-term nature of such costs, we will utilize the practical expedient to continue to expense these costs as incurred.

See Note 2 for more information on our revenues and the application of the New Revenue Standard.

In August 2016, the FASB issued a new standard to conform the presentation in the statement of cash flows for certain transactions, including cash distributions from equity method investments, among others. There was no change to the Consolidated Statements of Cash Flows as a result of the adoption of this standard for the quarter ended December 30, 2018. Specifically, distributions received from equity method investees continue to be presented on the Consolidated Statements of Cash Flows utilizing the cumulative earnings approach.

In March 2017, the FASB issued a new standard to improve the presentation of pension and postretirement benefit expense. As a result of the new standard the service cost component of pension and postretirement benefits expense is recognized as compensation expense, while the remaining components of the expense (benefit) are presented as non-operating income in other, net. This new standard was adopted for the quarter ended December 30, 2018 and has been retrospectively applied to the Consolidated Statements of Operations and Comprehensive Income for all comparative periods presented. We recorded benefits of $712,000 and $2,135,000 in other, net in non-operating income (expense) for the 13 and the 39 weeks ended June 30, 2019, respectively. We reclassified benefits of $708,000 and $2,123,000 from compensation to other, net in non-operating income (expense) for the 13 weeks and the 39 weeks ended June 24, 2018, respectively.

In February 2018, the FASB issued new guidance to allow a reclassification from accumulated other comprehensive loss (“AOCL”) to retained earnings for stranded tax effects resulting from what is commonly referred to as the Tax Cuts and Jobs Act (the "2017 Tax Act"). In the first quarter of fiscal year 2018, we remeasured our deferred taxes related to unrealized gains on our investment balances using the reduced tax rate. As required by GAAP, we recognized the net tax benefit in the provision for income taxes in our consolidated operations statements, and we reclassified a $3,067,000 net tax benefit from AOCL to retained earnings in our Consolidated Balance Sheets. Adoption of the standard had no impact to our Consolidated Statements of Operations and Comprehensive Income or Cash Flows.

In February 2016, the FASB issued a new standard for the accounting treatment of leases. The new standard is based on the principle that entities should recognize assets and liabilities arising from leases. The new standard does not significantly change the lessees’ recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. Leases are classified as finance or operating. The new standard's primary change is the requirement for entities to recognize a lease liability for payments and a right of use asset representing the right to use the leased asset during the term on most operating lease arrangements. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. In addition, the new standard expands the disclosure requirements of lease arrangements. Lessees have the option to use a modified retrospective transition approach, which includes a number of practical expedients.

In July 2018, the FASB issued a new standard which provides for an optional transition method that allows issuers to initially apply the new lease standard to all leases that exist as of the adoption date, with the cumulative effect of initially applying the new lease standard recognized as an adjustment to retained earnings as of the adoption date. We intend to adopt the optional transition method on September 30, 2019, the first calendar day of fiscal year 2020.

To date we have made progress in our assessment of the new lease standard. Specifically, we have identified the population of leases and key financial metrics associated with each lease for scoping purposes. Additionally, we have selected a software solution that is compatible with our current financial reporting and control environment. Implementation of the software solution and reporting capabilities will occur during the fourth quarter of fiscal year 2019.

Based on our progress to date, we anticipate adopting the standard will have a material impact on our Consolidated Balance Sheets as a result of the recognition of the corresponding lease assets and liabilities. However, we do not believe the adoption will have a material impact on our Consolidated Statements of Income or Consolidated Statements of Cash Flows.

2 REVENUE

On October 1, 2018, we adopted the New Revenue Standard, using the modified retrospective method applied to those contracts which were not completed as of that date. Results for reporting periods beginning after October 1, 2018 are presented under the new guidance while prior period amounts are not adjusted and continue to be reported in accordance with legacy accounting under the old guidance. We did not record any adjustments to beginning retained earnings at October 1, 2018 as a result of adopting the new guidance.

The following table presents our revenue disaggregated by source:

	13 Weeks Ended		39 Weeks Ended	
(Thousands of Dollars)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018
Advertising and marketing services revenue	65,754	73,538	204,651	229,751
Subscription Revenue	46,620	48,165	137,965	142,405
TownNews and other digital services revenue	5,087	3,826	14,507	11,302
Other revenue	9,823	7,089	29,066	20,750
Total operating revenue	127,284	132,618	386,189	404,208

Recognition principles: Revenue is recognized when a performance obligation is satisfied by the transfer of control of the contracted goods or services to our customers, in an amount that reflects the consideration we expect to receive in exchange for those goods or services.

Advertising and marketing services revenue: Advertising and marketing services revenue include amounts charged to customers for retail or classified advertising space purchased in our newspapers, retail or classified advertisements placed on our digital platforms, and other print advertising products such as preprint inserts and direct mail. Advertising and marketing services revenue also include amounts charged to customers for digital marketing services which include: audience extension, Search Engine Optimization ("SEO"), Search Engine Marketing ("SEM"), web and mobile production, social media services and reputation monitoring and management. The following define the timing of revenue recognition for each general revenue category:

- Print advertising revenue is recognized at the point in time the associated publication has been delivered.
- Digital advertising revenue is recognized at the point in time that impressions are delivered.
- Digital marketing services revenue is recognized over the period of time which the service is performed.

Advertising and marketing services contract transaction prices consist of fixed consideration. We recognize revenue when control of the related performance obligation transfers to the customer.

Payments for advertising revenue is due upon completion of our performance obligations at previously agreed upon rates. In instances where the timing of revenue recognition differs from the timing of invoicing, such timing differences are not large. As a result, we have determined that our contracts do not include a significant financing component.

Subscription revenue: Subscription revenue includes revenue for content delivered to consumers via print and digital products purchased by readers or distributors. Single copy revenue is also included in subscription revenue. Subscription revenue from single-copy and home delivery subscriptions is recognized at the point in time the publications are delivered. Digital subscription revenue is recognized over time as performance obligations are met via on-demand availability of online content made available to customers throughout the contract term. Payments for subscription revenue is typically collected in advance, are for contract periods of one year or less and result in an unearned revenue liability that is reduced when revenue is recognized.

Other revenue: Other revenue primarily consists of digital services, Management Agreement revenue, commercial printing and delivery of third party products. Digital services revenues, which are primarily delivered through TownNews, are primarily comprised of contractual agreements to provide webhosting and content management services. As such, digital services revenue is recognized over the contract period. Prices for digital services are agreed upon in advance of the contract beginning and are typically billed in arrears on a monthly basis, with the exception of implementation fees which are recognized as deferred revenue and amortized over the contract period. Management Agreement revenue consists of fixed and variable fees collected from our Management Agreement. Fixed fee revenue from the Management Agreement is recognized over time and paid quarterly and variable fees are paid annually. Variable fees are recognized when the fees are deemed earned and it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Commercial printing and delivery revenue is recognized when the product is delivered to the customer.

Arrangements with multiple performance obligations: We have various advertising and subscription agreements which include both print and digital performance obligations. Revenue from sales agreements that contain multiple performance obligations are allocated to each obligation based on the relative standalone selling price. We determine standalone selling prices based on observable prices charged to customers.

Contract Assets and Liabilities: The Company's primary source of unearned revenue is from subscriptions paid in advance of the service provided. The Company expects to recognize the revenue related to unsatisfied performance obligations over the next twelve months in accordance with the terms of the subscriptions and other contracts with customers. The unearned revenue balances described herein are the Company's only contract liability. Unearned revenue was $22,970,000 as of June 30, 2019 and $23,895,000 as of September 30, 2018. Revenue recognized in the 13 weeks and the 39 weeks ended June 30, 2019 that was included in the contract liability as of September 30, 2018 was $2,262,000 and $22,475,000, respectively.

Contract asset balances relate to our Management Agreement revenue and were $5,506,000 as of June 30, 2019 and $0 as of September 30, 2018 and consisted solely of the variable portion of the contract. The contract asset balance recorded as of June 30, 2019 reflects the final approved Management Agreement variable fee for the contract year ended June 30, 2019. The entire balance was collected in July 2019. These contract asset balances are included in accounts receivable and contract assets, net. There are no other contract assets recorded. Accounts receivable, excluding allowance for doubtful accounts and contract assets, was $47,909,000 and $48,517,000 as of June 30, 2019 and September 30, 2018, respectively. Allowance for doubtful accounts was $5,643,000 and $4,806,000 as of June 30, 2019 and September 30, 2018, respectively.

Practical expedients: Sales commissions are expensed as incurred as the associated contractual periods are one year or less. These costs are recorded within compensation. The vast majority of our contracts have original expected lengths of one year or less and revenue is earned at a rate and amount that corresponds directly with the value to the customer.

3 INVESTMENTS IN ASSOCIATED COMPANIES

TNI Partners

In Tucson, Arizona, TNI, acting as agent for our subsidiary, Star Publishing Company ("Star Publishing"), and Citizen Publishing Company ("Citizen"), a subsidiary of Gannett Co. Inc., is responsible for printing, delivery, advertising, and subscription activities of the *Arizona Daily Star* as well as the related digital platforms and specialty publications. TNI collects all receipts and income and pays substantially all operating expenses incident to the partnership's operations and publication of the newspaper and other media.

Income or loss of TNI (before income taxes) is allocated equally to Star Publishing and Citizen.

Summarized results of TNI are as follows:

(Thousands of Dollars)	13 Weeks Ended June 30, 2019	13 Weeks Ended June 24, 2018	39 Weeks Ended June 30, 2019	39 Weeks Ended June 24, 2018
Operating revenue	10,465	11,013	34,109	36,094
Operating expenses	8,363	9,039	26,291	28,376
Operating income	2,102	1,974	7,818	7,718
Company's 50% share of operating income	1,051	987	3,909	3,860
Less amortization of intangible assets	105	105	313	314
Equity in earnings of TNI	946	882	3,596	3,546

TNI makes weekly distributions of its earnings and for the 13 weeks ended June 30, 2019 and June 24, 2018, we received $731,000 and $1,177,000 in distributions, respectively. In the 39 weeks ended June 30, 2019 and June 24, 2018, we received $3,238,000 and $4,375,000 in distributions, respectively.

Madison Newspapers, Inc.

We have a 50% ownership interest in MNI, which publishes daily and Sunday newspapers, and other publications in Madison, Wisconsin, and other Wisconsin locations, and operates their related digital platforms. Net income or loss of MNI (after income taxes) is allocated equally to us and The Capital Times Company (“TCT”). MNI conducts its business under the trade name Capital Newspapers.

Summarized results of MNI are as follows:

(Thousands of Dollars)	13 Weeks Ended June 30, 2019	13 Weeks Ended June 24, 2018	39 Weeks Ended June 30, 2019	39 Weeks Ended June 24, 2018
Operating revenue	13,709	14,518	41,627	44,421
Operating expenses, excluding restructuring costs, depreciation and amortization	12,132	12,054	36,338	37,002
Restructuring costs	67	61	134	270
Depreciation and amortization	280	280	839	838
Operating income	1,230	2,123	4,316	6,311
Net income	1,010	1,391	3,405	4,047
Equity in earnings of MNI	505	696	1,702	2,023

MNI makes quarterly distributions of its earnings and in the 13 weeks ended June 30, 2019 and June 24, 2018, we received dividends of $850,000 and $500,000, respectively. In the 39 weeks ended June 30, 2019 and June 24, 2018, we received dividends of $2,350,000 and $2,500,000 respectively.

4 GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

(Thousands of Dollars)	39 Weeks Ended June 30, 2019
Goodwill, gross amount	1,535,155
Accumulated impairment losses	(1,288,979)
Goodwill, beginning of period	246,176
Goodwill acquired in business combinations	3,551
Goodwill, end of period	249,727

Identified intangible assets consist of the following:

(Thousands of Dollars)	June 30, 2019	September 30, 2018
Nonamortized intangible assets:		
Mastheads	21,883	21,883
Amortizable intangible assets:		
Customer and newspaper subscriber lists	696,632	692,886
Less accumulated amortization	607,709	594,950
	88,923	97,936
Other intangible assets, net	110,806	119,819

In January 2019, we purchased the businesses of Kenosha News and Lake Geneva Regional News. In February 2019, TownNews purchased the content management system ("CMS") business from GTxcel. Both transactions were funded with cash on the balance sheet. As part of initial estimates $3,551,000 was recorded in goodwill and $3,650,000 was recorded in other intangible assets, net. The $3,650,000 of other intangible assets, net relate to acquired customer lists, which will be amortized over a 10 year period. These initial estimates will be reviewed in subsequent quarters as more information becomes available.

Annual amortization of intangible assets for the years ending June 2020 to June 2024 is estimated to be $16,060,000, $15,634,000, $12,744,000, $12,263,000 and $11,237,000, respectively.

5 DEBT

On March 31, 2014, we completed a comprehensive refinancing of our debt (the "2014 Refinancing"), which included the following:

- $400,000,000 aggregate principal amount of 9.5% Senior Secured Notes (the “Notes”), pursuant to an Indenture dated as of March 31, 2014 (the “Indenture”).
- $250,000,000 first lien term loan (the "1st Lien Term Loan") and $40,000,000 revolving facility (the "Revolving Facility") under a First Lien Credit Agreement dated as of March 31, 2014 (together the “1st Lien Credit Facility”).
- $150,000,000 second lien term loan under a Second Lien Loan Agreement dated as of March 31, 2014 (the “2nd Lien Term Loan”).

In November 2018, we repaid, in full, the remaining balance of the 1st Lien Term Loan.

In December 2018, we amended our 1st Lien Credit Facility to amend and extend our Revolving Facility (the "Amendment"). The Amendment, among other changes, extends the maturity of the revolving loan commitments of the 1st Lien Lenders for twelve months and reduces the revolver loan commitments from $40,000,000 to $27,200,000 with a further 15% reduction to the revolving loan commitments of the 1st Lien Term Lenders effective as of July 31, 2019.

Debt is summarized as follows:

			Interest Rates (%)
(Thousands of Dollars)	June 30, 2019	September 30, 2018	June 30, 2019
Revolving Facility	—	—	6.1
1st Lien Term Loan	—	6,303	8.5
Notes	374,420	385,000	9.5
2nd Lien Term Loan	84,138	93,556	12.0
	458,558	484,859	
Unamortized debt issue costs	(12,601)	(17,055)	
Less current maturities of long-term debt	3,931	7,027	
Total long-term debt	442,026	460,777	

Our weighted average cost of debt, excluding amortization of debt financing costs at June 30, 2019, is 10.0%.

At June 30, 2019, aggregate minimum required maturities of debt excluding amounts required to be paid from future excess cash flow computations total $3,931,000 for the remainder of 2019, $0 in 2020, $0 in 2021, $374,420,000 in 2022 and $80,207,000 in 2023.

Notes

The Notes are senior secured obligations of the Company and mature on March 15, 2022. At June 30, 2019, the principal balance of the Notes totaled $374,420,000.

Interest

The Notes require payment of interest semiannually on March 15 and September 15 of each year, at a fixed annual rate of 9.5%.

Redemption

We may redeem some, or all, of the principal amount of the Notes at any time as follows:

Period Beginning	Percentage of Principal Amount
March 15, 2019	102.38
March 15, 2020	100.00

If we sell certain of our assets or experience specific kinds of changes of control, we must, subject to certain exceptions, offer to purchase the Notes at 101% of the principal amount. Any redemption of the Notes must also satisfy any accrued and unpaid interest thereon.

We may repurchase Notes in the open market at any time. In the 13 and 39 weeks ended June 30, 2019 we purchased $10,580,000 principal amount of Notes in privately negotiated transactions. The transactions resulted in a loss on extinguishment of debt totaling $238,000 in the 13 and 39 weeks ended June 30, 2019 which is recorded in Other, net in the Consolidated Statements of Income and Comprehensive Income.

Covenants and Other Matters

The Indenture and the 1st Lien Credit Facility contain restrictive covenants as discussed more fully below. However, certain of these covenants will cease to apply if the Notes are rated investment grade by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and there is no default or event of default under the Indenture.

1st Lien Credit Facility

The 1st Lien Term Loan was paid in full in November 2018 and has no outstanding balance as of June 30, 2019.

The 1st Lien Credit Facility consists of the $27,200,000 Revolving Facility that matures on December 28, 2019. The 1st Lien Credit Facility documents the primary terms of the 1st Lien Term Loan and the Revolving Facility. The Revolving Facility may be used for working capital and general corporate purposes (including letters of credit). At June 30, 2019, after consideration of letters of credit, we have approximately $21,685,000 available for future use under the Revolving Facility. On July 31, 2019, the availability under our Revolving Facility steps down to $23,120,000.

Interest

Interest on the Revolving Facility, which is undrawn at June 30, 2019, accrues, at our option, at either (A) LIBOR plus 5.5%, or (B) 4.5% plus the higher of (i) the prime rate at the time, (ii) the federal funds rate plus 0.5%, or (iii) one month LIBOR plus 1.0%.

Covenants and Other Matters

The 1st Lien Credit Facility requires that we comply with certain affirmative and negative covenants customary for financing of this nature, including a maximum total leverage ratio.

The 1st Lien Credit Facility restricts us from paying dividends on our Common Stock. This restriction no longer applies if Lee Legacy Leverage is below 3.25x before and after such payments. Lee Legacy Leverage as defined is 4.47x at June 30, 2019. Further, the 1st Lien Credit Facility restricts or limits, among other things, subject to certain exceptions, the ability of the Company and its subsidiaries to: (i) incur indebtedness, (ii) enter into mergers, acquisitions and asset sales, (iii) incur or create liens and (iv) enter into transactions with certain affiliates. The 1st Lien Credit Facility contains various representations and warranties and may be terminated upon occurrence of certain events of default. The 1st Lien Credit Facility also contains cross-default provisions tied to the terms of each of the Indenture and 2nd Lien Term Loan.

2nd Lien Term Loan

The 2nd Lien Term Loan, which has a balance of $84,138,000 at June 30, 2019, bears interest at a fixed annual rate of 12.0%, payable quarterly, and matures in December 2022.

Principal Payments

Excluding excess cash flow payments, there are no scheduled mandatory amortization payments required under the 2nd Lien Term Loan.

Quarterly, we are required to prepare a calculation of excess cash flow of the Pulitzer Subsidiaries ("Pulitzer Excess Cash Flow"). Pulitzer Excess Cash Flow is generally determined as the cash earnings of the Pulitzer Subsidiaries including adjustments for changes in working capital, capital spending, pension contributions, debt principal payments and income tax payments. Pulitzer Excess Cash Flow also includes a deduction for interest costs incurred under the 2nd Lien Term Loan.

Pulitzer Excess Cash Flow is used to prepay the 2nd Lien Term Loan, at par, and is required to be paid 45 days after the end of the quarter.

Payments will also be made on the 2nd Lien Term Loan, at par, with proceeds from asset sales by the Pulitzer Subsidiaries that are not reinvested subject to certain other conditions.

During the 13 and 39 weeks ended June 30, 2019, payments on the 2nd Lien Term Loan totaled $7,318,000 and $9,418,000, respectively. For the 13 weeks ended June 30, 2019, Pulitzer Excess Cash Flow totaled $3,931,000, which will be used to make a payment on the 2nd Lien Term Loan in August 2019, at par.

Beginning June 30, 2019, voluntary payments under the 2nd Lien Term Loan are no longer subject to call premiums and are payable at par. The Indenture includes certain restrictions on voluntary payments on the 2nd Lien Term Loan.

Covenants and Other Matters

The 2nd Lien Term Loan requires that we comply with certain affirmative and negative covenants customary for financing of this nature, including the negative covenants under the 1st Lien Credit Facility discussed above. The 2nd Lien Term Loan contains various representations and warranties and may be terminated upon occurrence of certain events of default. The 2nd Lien Term Loan also contains cross-default provisions tied to the terms of the Indenture and 1st Lien Credit Facility.

In connection with the 2nd Lien Term Loan, we entered into a Warrant Agreement dated as of March 31, 2014 (the “Warrant Agreement”). Under the Warrant Agreement, certain affiliates or designees of the 2nd Lien Lenders received on March 31, 2014 their pro rata share of warrants to purchase, in cash, an initial aggregate of 6,000,000 shares of Common Stock, subject to adjustment pursuant to anti-dilution provisions (the “Warrants”). The Warrants represent, when fully exercised, approximately 10.4% of shares of Common Stock outstanding at March 30, 2014 on a fully diluted basis. The exercise price of the Warrants is $4.19 per share.

The Warrant Agreement contains provisions requiring the Warrants to be measured at fair value and included in other liabilities in our Consolidated Balance Sheets. We re-measure the fair value of the liability each reporting period, with changes reported in other, net non-operating income (expense). The initial fair value of the Warrants was $16,930,000. See Note 10.

In connection with the issuance of the Warrants, we entered into a Registration Rights Agreement dated as of March 31, 2014 (the “Registration Rights Agreement”). The Registration Rights Agreement requires, among other matters, that we use our commercially reasonable efforts to maintain the effectiveness for certain specified periods of a shelf registration statement related to the shares of Common Stock to be issued upon exercise of the Warrants.

Security

The Notes and the 1st Lien Credit Facility are fully and unconditionally guaranteed on a joint and several first-priority basis by each of the Company's material domestic subsidiaries, excluding MNI, the Pulitzer Subsidiaries and TNI (the "Lee Legacy Assignors"), pursuant to a first lien guarantee and collateral agreement dated as of March 31, 2014 (the "1st Lien Guarantee and Collateral Agreement").

The Notes, the 1st Lien Credit Facility and the subsidiary guarantees are secured, subject to certain exceptions, priorities and limitations, by perfected security interests in all property and assets, including certain real estate, of the Lee Legacy Assignors, other than the capital stock of MNI and any property and assets of MNI (the “Lee Legacy Collateral”), on a first-priority basis, equally and ratably with all of the Lee Legacy Assignors' existing and future obligations. The Lee Legacy Collateral includes, among other things, equipment, inventory, accounts receivables, depository accounts, intellectual property and certain of their other tangible and intangible assets.

Also, the Notes and the 1st Lien Credit Facility are secured, subject to certain exceptions, priorities and limitations in the various agreements, by first-priority security interests in the capital stock of, and other equity interests owned by, the Lee Legacy Assignors (excluding the capital stock of MNI). The Notes and 1st Lien Credit Facility are subject to a Pari Passu Intercreditor Agreement dated March 31, 2014.

The Notes, the 1st Lien Credit Facility and the subsidiary guarantees are also secured, subject to permitted liens, by a second-priority security interest in the property and assets of the Pulitzer Subsidiaries that become subsidiary guarantors (the "Pulitzer Assignors") other than assets of or used in the operations or business of TNI (collectively, the “Pulitzer Collateral”). In June 2015 the Pulitzer Assignors became a party to the 1st Lien Guarantee and Collateral Agreement on a second lien basis.

Also, the Notes and the 1st Lien Credit Facility are secured, subject to certain exceptions, priorities, and limitations in the various agreements, by second-priority security interests in the capital stock of, and other equity interests in, the Pulitzer Assignors and Star Publishing’s interest in TNI.

The 2nd Lien Term Loan is fully and unconditionally guaranteed on a joint and several first-priority basis by the Pulitzer Assignors, pursuant to a Second Lien Guarantee and Collateral Agreement dated as of March 31, 2014 (the “2nd Lien Guarantee and Collateral Agreement”) among the Pulitzer Assignors and the 2nd Lien collateral agent.

Under the 2nd Lien Guarantee and Collateral Agreement, the Pulitzer Assignors have granted (i) first-priority security interests, subject to certain priorities and limitations in the various agreements, in the Pulitzer Collateral and (ii) have granted first-priority lien mortgages or deeds of trust covering certain real estate, as collateral for the payment and performance of their obligations under the 2nd Lien Term Loan.

Also, under the 2nd Lien Guarantee and Collateral Agreement, the Lee Legacy Assignors have granted (i) second-priority security interests, subject to certain priorities and limitations in the various agreements, in the Lee Legacy Collateral, and (ii) have granted second-priority lien mortgages or deeds of trust covering certain real estate, as collateral for the payment and performance of their obligations under the 2nd Lien Term Loan. Assets of, or used in the operations or business of, MNI are excluded.

The rights of each of the collateral agents with respect to the Lee Legacy Collateral and the Pulitzer Collateral are subject to customary intercreditor and intercompany agreements.

Other

In connection with the 2014 Refinancing, we capitalized $37,819,000 of debt financing costs. Amortization of debt financing costs totaled $2,928,000 in the 39 weeks ended June 30, 2019. Amortization of such costs is estimated to total $1,029,000 for the remainder of 2019, $4,205,000 in 2020, $4,388,000 in 2021, $2,747,000 in 2022, and $232,000 in 2023. At June 30, 2019, we have $12,601,000 of unamortized debt financing costs recorded as a reduction of Long-term debt in our Consolidated Balance Sheets.

During the 13 and 39 weeks ended June 30, 2019, we identified an adjustment of $1,309,000 and $1,145,000, respectively, related to debt financing costs that should have been recorded in prior periods. The impact of recording this out of period adjustment was an increase to Debt financing and administrative costs of $1,309,000 and $1,145,000 in the Consolidated Statements of Operations and Comprehensive Income for the 13 and 39 weeks ended June 30, 2019 and an increase to debt of $1,309,000 on the Consolidated Balance Sheet. We do not believe the impact of the adjustment is material to our consolidated financial statements for any previously issued financial statements taken as a whole, or to our expected net income for the 52 weeks ended September 29, 2019. Further, the impact of the corrections was not material to any of our Consolidated Balance Sheets nor our Consolidated Statements of Cash Flows.

Liquidity

At June 30, 2019, after consideration of letters of credit, we have approximately $21,685,000 available for future use under our Revolving Facility, which expires on December 28, 2019. Including cash, our liquidity at June 30, 2019 totals $35,201,000. This liquidity amount excludes any future cash flows. We expect all interest and principal payments due in the next twelve months will be satisfied by existing cash and our cash flows, which will allow us to maintain an adequate level of liquidity. The Warrants, if and when exercised, would provide additional liquidity in an amount up to $25,140,000 subject to a reduction for any amounts the Company may elect to use to repay our 1st Lien Term Loan and/or the Notes.

Excluding our Revolving Facility, which is undrawn as of June 2019, final maturities of our debt range from March 2022 through December 2022.

There are numerous potential consequences under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control. The occurrence of one or more events of default would give rise to the right of the applicable lender(s) to exercise their remedies under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to repay, refinance or amend our debt agreements as they become due. The Notes, 1st Lien Credit Facility and 2nd Lien Term Loan have only limited affirmative covenants with which we are required to maintain compliance. We are in compliance with our debt covenants at June 30, 2019.

6 PENSION, POSTRETIREMENT AND POSTEMPLOYMENT DEFINED BENEFIT PLANS

We have several noncontributory defined benefit pension plans that together cover selected employees. Benefits under the plans were generally based on salary and years of service. Effective in 2012, substantially all benefits are frozen and only a small amount of additional benefits are being accrued. Our liability and related expense for benefits under the plans are recorded over the service period of employees based upon annual actuarial calculations. Plan funding strategies are influenced by government regulations. Plan assets consist primarily of domestic and foreign corporate equity securities, government and corporate bonds, hedge fund investments and cash.

In addition, we provide retiree medical and life insurance benefits under postretirement plans at several of our operating locations. The level and adjustment of participant contributions vary depending on the specific plan. In addition, St. Louis Post-Dispatch LLC, provides postemployment disability benefits to certain employee groups prior to retirement. Our liability and related expense for benefits under the postretirement plans are recorded over the service period of active employees based upon annual actuarial calculations. We accrue postemployment disability benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

We use a fiscal year end measurement date for all of our pension and postretirement medical plan obligations.

The net periodic postretirement cost (benefit) components for our postretirement plans are as follows:

PENSION PLANS	13 Weeks Ended		39 Weeks Ended	
(Thousands of Dollars)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018
Service cost for benefits earned during the period	9	12	27	36
Interest cost on projected benefit obligation	1,641	1,438	4,923	4,314
Expected return on plan assets	(2,018)	(1,983)	(6,055)	(5,949)
Amortization of net loss	284	506	851	1,518
Amortization of prior service benefit	(25)	(34)	(75)	(102)
Pension benefit	(109)	(61)	(329)	(183)

POSTRETIREMENT MEDICAL PLANS	13 Weeks Ended		39 Weeks Ended	
(Thousands of Dollars)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018
Interest cost on projected benefit obligation	103	90	309	271
Expected return on plan assets	(270)	(270)	(811)	(810)
Amortization of net gain	(244)	(246)	(732)	(738)
Amortization of prior service benefit	(181)	(196)	(543)	(588)
Curtailment gains	—	—	—	(2,031)
Postretirement medical benefit	(592)	(622)	(1,777)	(3,896)

At the beginning of fiscal year 2019, we adopted the new accounting standard to improve the presentation of pension and postretirement benefit expenses. As a result, the service cost for benefits earned during the period continue to be included as compensation in the Consolidated Statement of Income and Comprehensive income, while the other components of the pension benefit are recorded as non-operating income in other, net. Prior period amounts have been reclassified to conform to current period presentation.

In the 39 weeks ended June 30, 2019 we contributed $650,000 to our pension plans. Based on our forecast at June 30, 2019, we do not expect to make contributions to our pension trust during the remainder of fiscal 2019.

In March 2017, we notified certain participants in one of our post employment medical plans of changes to their plan and in December 2017 the plan was terminated. These changes resulted in a non-cash curtailment gain of $2,031,000 in the 39 weeks ended June 24, 2018. Curtailment gains are recorded in loss (gain) on sales of assets and other, net in the Consolidated Statements of Operations and Comprehensive income.

7 INCOME TAXES

We recorded income tax expense of $1,505,000 related to income before taxes of $7,677,000 for the 13 weeks ended June 30, 2019, and income tax expenses of $6,175,000 related to income before taxes of $20,739,000 for the 39 weeks ended June 30, 2019. We recorded income tax expense of $1,972,000 related to income of $6,722,000 for the 13 weeks ended June 24, 2018. Including the transitional impact of revaluing tax assets and liabilities, we recorded income tax benefit of $16,791,000 related to income of $25,820,000 for the 39 weeks ended June 24, 2018.

The effective income tax rate for the 13 and 39 weeks ended June 30, 2019 was 19.6% and 29.8%, respectively. The effective income tax rate for the 13 and 39 weeks ended June 24, 2018 was 29.3% and negative 65.0%, respectively.

The primary differences between these rates and the U.S. federal statutory rate of 21% are due to the effect of state taxes, non-deductible expenses, adjustments to reserves for uncertain tax positions, including any related interest, mark-to-market adjustments to value the Warrants, and the transitional impact of revaluing tax assets and liabilities.

We file a consolidated federal tax return, as well as combined and separate tax returns in approximately 27 state and local jurisdictions. We do not currently have any federal tax examinations in progress. California is the only state with an income tax examination currently in progress. Our income tax returns have generally been audited or closed to audit through 2014. See Note 11 for a discussion of our tax audits.

At September 30, 2018, we had approximately $63,048,000 of state net operating loss tax benefits. The Company consumed its federal net operating losses in the year ended September 30, 2018.

8 EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	13 Weeks Ended		39 Weeks Ended	
(Thousands of Dollars and Shares, Except Per Share Data)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018
Income attributable to Lee Enterprises, Incorporated:	5,766	4,458	13,449	41,700
Weighted average common shares	57,731	57,064	57,578	56,971
Less weighted average restricted Common Stock	(2,088)	(2,286)	(2,094)	(2,373)
Basic average common shares	55,643	54,778	55,484	54,598
Dilutive stock options and restricted Common Stock	1,227	1,302	1,038	1,305
Diluted average common shares	56,870	56,080	56,522	55,903
Earnings per common share:				
Basic	0.10	0.08	0.24	0.76
Diluted	0.10	0.08	0.24	0.75

For the 13 and 39 weeks ended June 30, 2019, 6,000,000, weighted average shares, were not considered in the computation of diluted earnings per common share because the exercise prices of the related Warrants were in excess of the fair market value of our Common Stock. For the 13 and 39 weeks ended June 24, 2018, 6,484,300 and 6,701,300, weighted average shares, respectively, were not considered in the computation of diluted earnings per common share because the exercise prices of the related stock options and Warrants were in excess of the fair market value of our Common Stock.

9 STOCK OWNERSHIP PLANS

A summary of stock option activity during the 39 weeks ended June 30, 2019 follows:

(Thousands of Dollars and Shares, Except Per Share Data)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (*Years*)	Aggregate Intrinsic Value
Outstanding, September 30, 2018	1,100	1.88		
Exercised	(83)	2.11		
Cancelled	(58)	2.01		
Outstanding, June 30, 2019	959	1.86	1.9	497
Exercisable, June 30, 2019	959	1.86	1.9	497

Restricted Common Stock

The table below summarizes restricted Common Stock activity during the 39 weeks ended June 30, 2019:

(Thousands of Shares, Except Per Share Data)	Shares	Weighted Average Grant Date Fair Value
Outstanding, September 30, 2018	2,059	2.31
Vested	(737)	1.54
Granted	788	2.18
Cancelled	(34)	2.13
Outstanding, June 30, 2019	2,076	2.53

Total unrecognized compensation expense for unvested restricted Common Stock at June 30, 2019 is $2,258,011, which will be recognized over a weighted average period of 1.4 years.

10 FAIR VALUE MEASUREMENTS

We utilize FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, to measure and report fair value. FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC Topic 820 establishes a three-level hierarchy of fair value measurements based on whether the inputs to those measurements are observable or unobservable, which consists of the following levels:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate value.

The carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of those instruments. Investments totaling $6,068,000, including our 17% ownership of the nonvoting common stock of TCT and a private equity investment, are carried at cost. As of June 30, 2019, based on the most recent data available, the approximate fair value of the private equity investment is $10,201,717 which is a level 3 fair value measurement. Fair value of the remaining investments approximates book value.

Our fixed rate debt consists of $374,420,000 principal amount of the Notes and $84,138,000 principal amount under the 2nd Lien Term Loan. At June 30, 2019, based on private market price quotations, the fair values were $381,440,375 and $83,927,867 for the Notes and 2nd Lien Term Loan, respectively. These represent level 2 fair value measurements.

As discussed more fully in Note 5, we recorded a liability for the Warrants issued in connection with the Warrant Agreement. The liability was initially measured at its fair value and we remeasure the liability to fair value each reporting period, with changes reported in other non-operating income (expense). The initial fair value of the Warrants was $16,930,000. The fair value of Warrants at June 2019 and March 2019 are $1,417,000 and $4,479,000, respectively. Fair value is determined using the Black-Scholes option pricing model. These represent level 2 fair value measurements.

11 COMMITMENTS AND CONTINGENT LIABILITIES

Income Taxes

Commitments exclude unrecognized tax benefits to be recorded in accordance with FASB ASC Topic 740, *Income Taxes*. We are unable to reasonably estimate the ultimate amount or timing of cash settlements with the respective taxing authorities for such matters. See Note 7.

We file income tax returns with the Internal Revenue Service ("IRS") and various state tax jurisdictions. From time to time, we are subject to routine audits by those agencies and those audits may result in proposed adjustments. We have considered the alternative interpretations that may be assumed by the various taxing agencies, believe our positions taken regarding our filings are valid, and that adequate tax liabilities have been recorded to resolve such matters. However, the actual outcome cannot be determined with certainty and the difference could be material, either positively or negatively, to the Consolidated Statements of Operations and Comprehensive Income (Loss) in the periods in which such matters are ultimately determined. We do not believe the final resolution of such matters will be material to our consolidated financial position or cash flows.

We have various income tax examinations ongoing and at various stages of completion, but generally our income tax returns have been audited or closed to audit through 2014.

Legal Proceedings

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

Multiemployer Pension Plans

The Company contributes to three multiemployer pension plans. In June 2017, a union contract covering certain of our employees under a multiemployer pension plan expired resulting in a partial withdrawal from one of the multiemployer plans. In 2017, the Company recorded an estimate of the partial withdrawal liability totaling $2,600,000. Once the multiemployer pension plan's administrators finalize the partial withdrawal liability, it will be paid in equal installments over a twenty year period.

In the second quarter of 2019, we recorded an estimated partial liability for the CWA/ITU multi-employer plan, in the amount of $500,000, which is included in restructuring costs and other.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion includes comments and analysis relating to our results of operations and financial condition as of and for the 13 weeks and 39 weeks ended June 30, 2019. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto, included herein, and our 2018 Annual Report on Form 10-K.

NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related GAAP financial measure. However, we believe the use of non-GAAP financial measures provides meaningful supplemental information with which to evaluate our financial performance, or assist in forecasting and analyzing future periods. We also believe such non-GAAP financial measures are alternative indicators of performance used by investors, lenders, rating agencies and financial analysts to estimate the value of a publishing business and its ability to meet debt service requirements.

We define our non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, as follows:

Adjusted EBITDA is a non-GAAP financial performance measure that enhances financial statement users' overall understanding of the operating performance of the Company. The measure isolates unusual, infrequent or non-cash transactions from the operating performance of the business. This allows users to easily compare operating performance among various fiscal periods and how management measures the performance of the business. This measure also provides users with a benchmark that can be used when forecasting future operating performance of the Company that excludes unusual, nonrecurring or one time transactions. Adjusted EBITDA is also a component of the calculation used by stockholders and analysts to determine the value of our business when using the market approach, which applies a market multiple to financial metrics. It is also a measure used to calculate the leverage ratio of the Company, which is a key financial ratio monitored and used by the Company, its lenders and its investors. Adjusted EBITDA is defined as net income (loss), plus non-operating expenses, income tax expense (benefit), depreciation and amortization, assets loss (gain) on sales, impairments and other, restructuring costs and other, stock compensation and our 50% share of EBITDA from TNI and MNI, minus equity in earnings of TNI and MNI and curtailment gains.

Cash Costs represent a non-GAAP financial performance measure of operating expenses which are measured on an accrual basis and settled in cash. This measure is useful to investors in understanding the components of the Company’s cash-settled operating costs. Occasionally, the Company provides forward-looking guidance of Cash Costs, which can be used by financial statement users to assess the Company's ability to manage and control its operating cost structure. Cash Costs are defined as the sum of compensation, newsprint and ink and other operating expenses. Depreciation and amortization, assets loss (gain) on sales, impairments and other, other non-cash operating expenses and other expenses are excluded. Cash Costs also exclude restructuring costs and other, which are typically paid in cash.

Total Operating Revenue Less Cash Costs, or “margin”, represents a non-GAAP financial performance measure of revenue less total cash costs, also a non-GAAP financial measure. This measure is useful to investors in understanding the profitability of the Company after direct cash costs related to the production and delivery of products are paid. Margin is also useful in developing opinions and expectations about the Company’s ability to manage and control its operating cost structure in relation to its peers.

A table reconciling adjusted EBITDA to net income, the most directly comparable measure under GAAP, is set forth below under the caption "Reconciliation of Non-GAAP Financial Measures". Reconciliations of adjusted income and adjusted earnings per diluted common share to income attributable to Lee Enterprises, Incorporated and earnings per diluted common share, respectively, the most directly comparable measures under GAAP, are set forth in Item 2, included herein, under the caption “Net Income and Earnings Per Share”.

Cash Costs and Total Revenue less Cash Costs are reconciled to operating expenses and operating income, respectively, in tables in Item 2, included herein, under the captions “13 Weeks Ended June 30, 2019" and “39 Weeks Ended June 30, 2019.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

The table below reconciles the non-GAAP financial performance measure of adjusted EBITDA to net income, the most directly comparable GAAP measure:

	13 Weeks Ended		39 Weeks Ended		53 Weeks Ended
(Thousands of Dollars)	June 30, 2019	June 24, 2018	June 30, 2019	June 24, 2018	June 30, 2019
Net Income	6,172	4,750	14,564	42,611	19,001
Adjusted to exclude					
Income tax expense (benefit)	1,505	1,972	6,175	(16,791)	6,738
Non-operating expenses, net	12,354	13,433	39,579	40,730	53,722
Equity in earnings of TNI and MNI	(1,451)	(1,578)	(5,298)	(5,569)	(8,978)
Loss (gain) on sale of assets and other, net	(195)	101	(212)	(1,197)	7,414
Depreciation and amortization	7,347	7,904	22,263	23,973	30,056
Restructuring costs and other	2,792	1,865	5,612	4,150	7,012
Stock compensation	321	425	1,209	1,441	1,626
Add:					
Ownership share of TNI and MNI EBITDA (50%)	1,806	2,189	6,486	7,433	8,936
Adjusted EBITDA	30,651	31,061	90,378	96,781	125,527

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In August 2018, the Financial Accounting Standards Board (“FASB”) issued a new standard which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The modifications remove disclosures, clarify the specific requirements of disclosures and add disclosure requirements identified as relevant. We are currently in the process of evaluating the impact of this guidance on our Consolidated Financial Statements.

In August 2018, the FASB issued a new standard which modifies the disclosure requirements on fair value measurements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. We are currently in the process of evaluating the impact of this guidance on our Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies include the following:

- Intangible assets, other than goodwill;
- Pension, postretirement and postemployment benefit plans; and
- Income taxes.

Additional information regarding these critical accounting policies can be found under the caption “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our 2018 Annual Report on Form 10-K.

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EXECUTIVE OVERVIEW

Lee Enterprises, Incorporated is a leading provider of high quality, trusted, local news and information, and a major platform for advertising in the markets we serve. We operate 50 principally mid-sized local media operations and manage 30 additional local media operations through an agreement with BH Media Group, Inc. (the "Management Agreement").

We reach 79% of all adults in our larger markets through a combination of our print and digital content offerings.

- Our web and mobile sites are the number one digital source of local news in most of our markets, reaching more than 29.3 million unique visitors each month with a monthly average of 289.1 million page views. Page views per visit, one metric we use to monitor engagement, increased 6.9% in the 2019 Quarter.

- Our printed newspapers reach more than 0.7 million households daily and more than 1.0 million on Sunday, with estimated readership totaling three million. Digital only subscribers totaled approximately 79,000, a 72.0% increase over the prior year.

Our products include daily newspapers, websites and mobile applications, mobile news and advertising, video products, a digital marketing agency, digital services including web hosting and content management, niche publications and community newspapers. Our local media operations range from large daily newspapers and their associated digital products, such as the *St. Louis Post-Dispatch*, to non-daily newspapers with news websites and digital platforms serving smaller communities.

We also operate TownNews, through our 82.5% owned subsidiary INN Partners, L.C. ("TownNews"). TownNews provides state-of-the-art web hosting, content management services and video management services to nearly 2,000 other media organizations including broadcast.

We entered into the Management Agreement to manage Berkshire Hathaway's newspaper and digital operations in 30 markets. The Company operates BH Media consistent with how it manages its own newspaper and digital operations. Among other decisions, Berkshire Hathaway is responsible for approving operating and capital budgets. The Management Agreement extends for a term of five years and may be extended thereafter for successive one-year terms on such terms as may be mutually agreed to by the Company and Berkshire Hathaway. The Management Agreement provides for the Company to be paid a fixed annual fee of $5 million, payable quarterly in arrears, and a variable fee based on the financial performance of BH Media. The variable fees are payable annually in arrears.

IMPAIRMENT OF GOODWILL AND OTHER ASSETS

We have significant amounts of goodwill and identified intangible assets. Since 2007 we have recorded impairment charges totaling almost $1.3 billion to reduce the value of certain of these assets. Future decreases in our market value, or significant differences in revenue, expenses or cash flows from estimates used to determine fair value, could result in additional impairment charges in the future.

DEBT AND LIQUIDITY

We have a substantial amount of debt, as discussed more fully in Note 5 of the Notes to Consolidated Financial Statements, included herein. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows and asset sales.

As of June 30, 2019, our debt consists of the following:

- $400,000,000 aggregate principal amount of 9.5% Senior Secured Notes (the “Notes”), pursuant to an Indenture dated as of March 31, 2014 (the “Indenture”), of which $374,420,000 is outstanding at June 30, 2019;

- $250,000,000 first lien term loan (the "1st Lien Term Loan") and $40,000,000 revolving facility (the "Revolving Facility") under a First Lien Credit Agreement dated as of March 31, 2014 (together, the “1st Lien Credit Facility”), of which $0 is outstanding at June 30, 2019; and

- $150,000,000 second lien term loan under a Second Lien Loan Agreement dated as of March 31, 2014 (the “ 2nd Lien Term Loan”), of which $84,138,000 is outstanding at June 30, 2019.

In November 2018, we repaid, in full, the remaining balance of the 1st Lien Term Loan.

In December 2018 we amended our 1st Lien Credit Facility to amend and extend our Revolving Facility (the "Amendment"). The Amendment, among other changes, extends the maturity of the revolving loan commitments of the 1st Lien Lenders for twelve months, reduces the revolver loan commitments from $40,000,000 to $27,200,000 with a further 15% reduction to the revolving loan commitments of the 1st Lien Term Lenders effective as of July 31, 2019.

We may repurchase Notes in the open market at any time. In the 13 weeks ended June 30, 2019 we purchased $10,580,000 principal amount of Notes in privately negotiated transactions. The transactions resulted in a loss on extinguishment of debt totaling $238,000 in the 13 weeks ended June 30, 2019 which is recorded in Other, net in the Consolidated Statements of Income and Comprehensive Income.

Our ability to make payments on our indebtedness will depend on our ability to generate future cash flows from operations. Cash generated from future asset sales could serve as an additional source of repayment. This ability, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

At June 30, 2019, after consideration of letters of credit, we have approximately $21,685,000 available for future use under our Revolving Facility, which expires December 28, 2019. Including cash, our liquidity at June 30, 2019 totals $35,201,000. This liquidity amount excludes any future cash flows. Our adjusted EBITDA has been strong for the last seven years and totaled $125,527,000 for the trailing twelve months ended June 30, 2019, but there can be no assurance that such performance will continue. We expect all interest and principal payments due in the next twelve months will be satisfied by our cash flows from operations and certain asset sales, which will allow us to maintain an adequate level of liquidity.

At June 30, 2019, the principal amount of our outstanding debt totaled $458,558,000. The June 30, 2019 principal amount of our debt, net of cash, is 3.5 times our trailing twelve months adjusted EBITDA.

Excluding our Revolving Facility, which is undrawn as of June 30, 2019, final maturities of our debt range from March 2022 through December 2022. Our Revolving Facility expires December 28, 2019.

There are numerous potential consequences under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control. The occurrence of one or more events of default would give rise to the right of the applicable lender(s) to exercise their remedies under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to repay, refinance or amend our debt agreements as they become due, if necessary. The Notes, 1st Lien Credit Facility and 2nd Lien Term Loan have only limited affirmative covenants with which we are required to maintain compliance. We are in compliance with our debt covenants at June 30, 2019.

13 WEEKS ENDED JUNE 30, 2019

Operating results, as reported in the Consolidated Financial Statements, are summarized below.

(Thousands of Dollars, Except Per Share Data)	June 30, 2019	June 24, 2018	Percent Change
Advertising and marketing services revenue	65,754	73,538	(10.6)
Subscription	46,620	48,165	(3.2)
Other	14,910	10,915	36.6
Total operating revenue	127,284	132,618	(4.0)
Operating expenses:			
Compensation	45,373	48,570	(6.6)
Newsprint and ink	5,230	6,442	(18.8)
Other operating expenses	48,157	49,159	(2.0)
Cash costs	98,760	104,171	(5.2)
Total operating revenue less cash costs	28,524	28,447	0.3
Depreciation and amortization	7,347	7,904	(7.0)
Assets loss (gain) on sales, impairments and other, net	(195)	101	NM
Restructuring costs and other	2,792	1,865	49.7
Operating expenses	108,704	114,041	(4.7)
Equity in earnings of associated companies	1,451	1,578	(8.0)
Operating income	20,031	20,155	(0.6)
Non-operating income (expense):			
Interest expense	(11,860)	(12,913)	(8.2)
Debt financing and administrative cost	(4,196)	(1,747)	NM
Other, net	3,702	1,227	NM
Non-operating expenses, net	(12,354)	(13,433)	(8.0)
Income before income taxes	7,677	6,722	14.2
Income tax expense	1,505	1,972	(23.7)
Net income	6,172	4,750	29.9
Net income attributable to non-controlling interests	(406)	(292)	39.0
Income attributable to Lee Enterprises, Incorporated	5,766	4,458	29.3
Other comprehensive income (loss), net of income taxes	(122)	27	NM
Comprehensive income attributable to Lee Enterprises, Incorporated	5,644	4,485	25.8
Earnings per common share:			
Basic	0.10	0.08	27.3
Diluted	0.10	0.08	27.5

References to the "2019 Quarter" refer to the 13 weeks ended June 30, 2019. Similarly, references to the "2018 Quarter" refer to the 13 weeks ended June 24, 2018. To facilitate a comparison of our results without the impact of acquisitions and dispositions of revenues and expenses, certain revenue and expense trends, as described below, are presented on a same property basis and are calculated as follows:

- Reported revenue or expenses;
- Less: revenue or expenses for our 2019 acquisitions; and
- Less: revenue or expenses from enterprises that were disposed of in 2018.

Operating Revenue

In the 2019 Quarter, advertising and marketing services revenue decreased $7,784,000, or 10.6% compared to the 2018 Quarter. The decrease in advertising and marketing services revenue is due to softness in print advertising demand resulting in reduced advertising volume primarily from large retail, big box stores and classifieds. Advertising and marketing services revenue on a same property basis decreased $9,155,000, or 12.4%.

Digital advertising increased 2.8% to $25,448,000 in the 2019 Quarter and represents 38.7% of total advertising revenue.

Subscription revenue decreased $1,545,000, or 3.2%, in the 2019 Quarter. Strategic pricing programs and premium content helped offset lower paid circulation units. Our average daily newspaper circulation, including TNI, MNI and digital subscribers, totaled 0.7 million in the 2019 Quarter. Sunday circulation totaled 1.0 million. Digital only subscribers totaled approximately 79,000, a 72.0% increase over the prior year. Subscription revenue on a same property basis decreased $2,566,000 or 5.3%.

Other revenue, which consists of digital services, Management Agreement revenue, commercial printing, revenue from delivery of third party products and the sale of books, increased 36.6% in the 2019 Quarter. The increase was driven by growth at TownNews as well as $3,539,000 in Management Agreement revenue from BH Media.

Excluding intercompany activity, total revenue at TownNews increased 35.7% in the 2019 Quarter due to a growing broadcast customer base, gaining print market share and the impact of the GTxcel acquisition. On a stand alone basis, total revenue at TownNews totaled $22,141,000 over the last twelve months.

In the 2019 Quarter, our mobile, tablet, desktop and app sites, including TNI and MNI, attracted a monthly average of 29.3 million unique visitors with 289.1 million page views, a 7.5% increase in page views compared to the 2018 Quarter. Increased audience engagement is driving a higher number of pages viewed per user session in the 2019 Quarter. Research in our larger markets indicates we are maintaining our share of audience in our markets through the combination of strong digital audience growth and print newspaper readership.

Operating Expenses

Operating expenses for the 2019 Quarter decreased 4.7%. Cash costs decreased 5.2% compared to the prior year quarter.

Compensation expense decreased $3,197,000, or 6.6% driven by an 8.0% decline in average full-time equivalent employees. Continued business transformation affected the number of full-time equivalents in the 2019 Quarter.

Newsprint and ink costs decreased $1,212,000, or 18.8%, due to decreases in newsprint prices and an 11.6% decrease in newsprint volume. See Item 3, “Commodities”, included herein, for further discussion and analysis of the impact of newsprint prices on our business.

Other operating expenses for the 2019 Quarter decreased $1,002,000, or 2.0%. Other operating expenses include all operating costs not considered to be compensation, newsprint, depreciation and amortization, or restructuring costs and other. The largest components of these costs include delivery, postage, outsourced printing, digital cost of goods sold and facility expenses. Cost reductions were primarily related to lower delivery and other print-related costs offset in part by higher costs associated with growing digital revenue and outsourcing.

On a same property basis, cash costs were down $7,950,000 or 7.6% in the 2019 quarter. We expect cash costs on a same property basis to be down 4.75 - 5.5% in fiscal year 2019, an improvement from our previous cost guidance.

Depreciation expense decreased $459,000, or 12.7%, and amortization expense decreased $98,000, or 2.3%, in the 2019 Quarter.

Assets loss (gain) on sales, impairments and other, was a net gain of $195,000 in the 2019 Quarter compared to a net loss of $101,000 in the 2018 Quarter. Restructuring costs and other totaled $2,792,000 and $1,865,000 in the 2019 Quarter and 2018 Quarter, respectively.

Results of Operations

The factors noted above resulted in operating income of $20,031,000 in the 2019 Quarter compared to $20,155,000 in the 2018 Quarter.

Equity in earnings of TNI and MNI decreased $127,000 in the 2019 Quarter.

Nonoperating Income and Expense

Interest expense decreased $1,053,000, or 8.2%, to $11,860,000 in the 2019 Quarter due to lower debt balances. Our weighted average cost of debt, excluding amortization of debt financing costs, was 10.0% at the end of the 2019 Quarter.

We recognized $4,196,000 of debt financing and administrative costs in the 2019 Quarter compared to $1,747,000 in the 2018 Quarter. The increase in the 2019 Quarter is primarily driven by write-offs associated with the current year debt repurchases totaling $10,580,000. In addition, we recorded an out of period adjustment in the 2019 Quarter totaling $1,309,000 as discussed in Note 5. The majority of the costs represent amortization of refinancing costs paid in 2014.

Other non-operating income and expense consists of benefits associated with our pension and other postretirement plans and the fair value adjustment of our Warrants.

We recorded $712,000 of other periodic pension benefits in the 2019 Quarter and $708,000 in the 2018 Quarter.

Due to the fluctuation in the price of our Common Stock, we recorded non-operating income of $3,062,000 in the 2019 Quarter and $405,000 in the 2018 Quarter, related to the changes in the value of the Warrants.

Overall Results

We recorded an income tax expense of $1,505,000, or 19.6% of pretax income in the 2019 Quarter. For the 13 weeks ended June 24, 2018, we recognized an income tax expense of $1,972,000, or 29.3%, of pretax income.

NET INCOME AND EARNINGS PER SHARE

The following table summarizes the impact from the fair value adjustments of our Warrants on income attributable to Lee Enterprises, Incorporated and earnings per diluted common share. Per share amounts may not add due to rounding.

				13 Weeks Ended
		June 30, 2019		June 24, 2018
(Thousands of Dollars, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income attributable to Lee Enterprises, Incorporated, as reported	5,766	0.10	4,458	0.08
Adjustments:				
Warrants fair value adjustment	(3,062)	(0.05)	(405)	(0.01)
Income attributable to Lee Enterprises, Incorporated, as adjusted	2,704	0.05	4,053	0.07

39 WEEKS ENDED JUNE 30, 2019

Operating results, as reported in the Consolidated Financial Statements, are summarized below.

(Thousands of Dollars, Except Per Share Data)	June 30, 2019	June 24, 2018	Percent Change
Total advertising and marketing services revenue	204,651	229,751	(10.9)
Subscription	137,965	142,405	(3.1)
Other	43,573	32,052	35.9
Total operating revenue	386,189	404,208	(4.5)
Operating expenses:			
Compensation	140,197	149,551	(6.3)
Newsprint and ink	17,394	17,920	(2.9)
Other operating expenses	145,915	148,830	(2.0)
Cash costs	303,506	316,301	(4.0)
Total operating revenue less cash costs	82,683	87,907	(5.9)
Depreciation and amortization	22,263	23,973	(7.1)
Assets loss (gain) on sales, impairments and other	(212)	(1,197)	(82.3)
Restructuring costs and other	5,612	4,150	35.2
Operating expenses	331,169	343,227	(3.5)
Equity in earnings of associated companies	5,298	5,569	(4.9)
Operating income	60,318	66,550	(9.4)
Non-operating income (expense):			
Interest expense	(36,256)	(39,837)	(9.0)
Debt financing and administrative cost	(6,053)	(4,061)	49.1
Other, net	2,730	3,168	(13.8)
Non-operating expenses, net	(39,579)	(40,730)	(2.8)
Income before income taxes	20,739	25,820	(19.7)
Income tax expense (benefit)	6,175	(16,791)	NM
Net income	14,564	42,611	(65.8)
Net income attributable to non-controlling interests	(1,115)	(911)	22.4
Income attributable to Lee Enterprises, Incorporated	13,449	41,700	(67.7)
Other comprehensive income (loss), net of income taxes	(365)	18	NM
Comprehensive income attributable to Lee Enterprises, Incorporated	13,084	41,718	(68.6)
Earnings per common share:			
Basic	0.24	0.76	(68.3)
Diluted	0.24	0.75	(68.1)

References to the "2019 Period" refer to the 39 weeks ended June 30, 2019. Similarly, references to the "2018 Period" refer to the 39 weeks ended June 24, 2018. To facilitate a comparison of our results without the impact of acquisitions and dispositions of revenues and expenses, certain revenue and expense trends, as described below, are presented on a same property basis and are calculated as follows:

- Reported revenue or expenses;
- Less: revenue or expenses for our 2019 acquisitions; and
- Less: revenue or expenses from enterprises that were disposed of in 2018.

Operating Revenue

In the 2019 Period, advertising and marketing services revenue decreased $25,100,000, or 10.9%, compared to the 2018 Period. The decrease in advertising and marketing services revenue is due to softness in print advertising demand resulting in reduced advertising volume primarily from large retail, big box stores and classifieds. Advertising and marketing services revenue on a same property basis decreased $26,807,000 or 11.7%.

Digital advertising increased 5.3% to $75,011,000 in the 2019 Period and represents 36.7% of total advertising and marketing services revenue. Digital retail advertising, which represents 62.8% of total digital advertising, increased 6.2% partially offsetting print declines.

Subscription revenue decreased $4,440,000, or 3.1%, in the 2019 Period. Strategic pricing programs and premium content helped offset lower paid circulation units. Our average daily newspaper circulation, including TNI, MNI and digital subscribers, totaled 0.7 million in the 2019 Period. Sunday circulation totaled 1.0 million. Subscription revenue on a same property basis decreased $5,902,000 or 4.2%.

Other revenue, which consists of digital services, Management Agreement revenues, commercial printing, revenue from delivery of third party products and the sale of books, increased 35.9% in the 2019 Period. The increase was driven by growth at TownNews as well as $9,989,000 in Management Agreement revenue from BH Media. In the first year of the Management Agreement, the year ended June 30, 2019, we earned $11,320,000 in total Management Agreement revenue.

Excluding intercompany activity, total revenue at TownNews increased 30.6% in the 2019 Period, due to growing broadcast customer base, gaining print market share and the impact of the GTxcel acquisition. On a stand alone basis, total revenue at TownNews totaled $22,141,000 over the last twelve months. In the 2019 Period, our mobile, tablet, desktop and app sites, including TNI and MNI, attracted a monthly average of 29.5 million unique visitors with 292.1 million page views, a 12.6% increase in page views compared to the 2018 Period. Increased audience engagement is driving a higher number pages viewed per user session in the 2019 Period. Research in our larger markets indicates we are maintaining our share of audience in our markets through the combination of strong digital audience growth and print newspaper readership.

Operating Expenses

Operating expenses for the 2019 Period decreased 3.5% and cash costs decreased 4.0%. On a same property basis, cash costs were down $16,382,000 or 5.2% in the 2019 Period compared to the 2018 Period.

Compensation expense for the 2019 Period decreased $9,354,000, or 6.3%, driven by a decline of 10.3% in average full time equivalent employees.

Newsprint and ink costs for the 2019 Period decreased $526,000, or 2.9%, due to 11.2% reduction in newsprint volume from unit declines partially offset by higher prices. See Item 3, “Commodities”, included herein, for further discussion and analysis of the impact of newsprint on our business.

Other operating expenses for the 2019 Period decreased $2,915,000, or 2.0%. Other operating expenses include all operating costs not considered to be compensation, newsprint, depreciation and amortization, or restructuring costs and other. The largest components of these costs include delivery, postage, outsourced printing, digital cost of goods sold and facility expenses. Cost reductions were primarily related to lower delivery and other print-related costs offset in part by higher costs associated with growing digital revenue and outsourcing.

Depreciation expense decreased $1,546,000, or 14.0%, and amortization expense decreased $164,000, or 1.3% in the 2019 Period.

Assets loss (gain) on sales, impairments and other, was a net gain of $212,000 in the 2019 Period compared to a net gain of $1,197,000 in the 2018 Period. The net gain in the 2018 Period includes curtailment gains of $2,031,000. In the 2019 Period, we recorded an estimated withdrawal liability of $500,000 related to one of our multi-employer plans, which is included in restructuring costs and other.

Restructuring costs totaled $5,612,000 and $4,150,000 in the 2019 Period and 2018 Period, respectively. The majority of restructuring costs relate to severance and a partial withdrawal liability related to one of our multi employer pension plans.

Results of Operations

The factors noted above resulted in operating income of $60,318,000 in the 2019 Period compared to $66,550,000 in the 2018 Period.

Equity in earnings in associated companies decreased $271,000 in the 2019 Period.

Nonoperating Income and Expense

Interest expense decreased $3,581,000, or 9.0% to $36,256,000 in the 2019 Period due to lower debt balances.

We recognized $6,053,000 of debt financing and administrative costs in the 2019 Period compared to $4,061,000 in the 2018 Period. The increase in the 2019 Period is primarily driven by write-offs associated with the current year debt repurchases totaling $10,580,000. In addition, we recorded an out of period adjustment in the 2019 Period totaling $1,145,000 as discussed in Note 5. The majority of the costs represent amortization of refinancing costs paid in 2014.

Other non-operating income and expense consists of benefits associated with our pension and other postretirement plans and the fair value adjustment of our Warrants. We recorded $2,135,000 of other periodic pension benefits in the 2019 Period and $2,123,000 in the 2018 Period. We recorded non-operating income of $389,000 in 2019 Period and $529,000 in the 2018 Period, related to the changes in the value of the Warrants.

Overall Results

On December 22, 2017, the 2017 Tax Act was signed into law. Among other provisions, the 2017 Tax Act reduced the federal statutory corporate income tax rate from 35% to 21%. The reduction of the corporate tax rate caused us to re-measure our deferred tax assets and liabilities to the lower federal base rate of 21% in the 2018 Quarter. We reported a discrete adjustment from revaluing our deferred tax assets and liabilities resulting in a net decrease in income tax expense of $24,872,000 in the 2018 Quarter.

We recorded an income tax expense of $6,175,000, or 29.8% of pretax income in the 2019 Period. For the 39 weeks ended June 24, 2018, we recognized a $16,791,000 income tax benefit. Excluding the transitional impact from the 2017 Tax Act, the effective income tax rate for the 39 weeks ended June 24, 2018 was 31.3%.

NET INCOME AND EARNINGS PER SHARE

The following table summarizes the impact from the 2017 Tax Act as well as the warrant fair value adjustments on income attributable to Lee Enterprises, Incorporated and earnings per diluted common share. Per share amounts may not add due to rounding.

				39 Weeks Ended
		June 30, 2019		June 24, 2018
(Thousands of Dollars, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income attributable to Lee Enterprises, Incorporated, as reported	13,449	0.24	41,700	0.75
Adjustments:				
Warrants fair value adjustment	(389)	(0.01)	(529)	—
Income tax effect of 2017 Tax Act	—		(24,872)	(0.45)
Income attributable to Lee Enterprises, Incorporated, as adjusted	13,060	0.22	16,299	0.29

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash provided by operating activities was $43,786,000 in the 2019 Period compared to $57,033,000 in the 2018 Period. Net income for the 2019 Period totaled $14,564,000 compared to $42,611,000 in the 2018 Period. The decrease in cash provided by operating activities in the 2019 Period is mainly attributed to year over year changes in operating income as well as increased income tax payments.

Investing Activities

Cash required for investing activities totaled $7,911,000 in the 2019 Period compared to $2,076,000 in the 2018 Period. Capital spending totaled $3,753,000 in the 2019 Period compared to $4,281,000 in the 2018 Period. We spent $5,274,000 on acquisitions in the 2019 Period.

We anticipate that funds necessary for capital expenditures, which are expected to total up to $8,000,000 in 2019, and other requirements, will be available from internally generated funds or available under our Revolving Facility.

Financing Activities

Cash required for financing activities totaled $27,739,000 in the 2019 Period and $49,549,000 in the 2018 Period. Debt reduction accounted for the majority of the usage of funds in both the 2019 Period and the 2018 Period.

Liquidity

At June 30, 2019, after consideration of letters of credit, we have approximately $21,685,000 available for future use under our Revolving Facility. Including cash and availability under our Revolving Facility, our liquidity at June 30, 2019 totals $35,201,000. This liquidity amount excludes any future cash flows. We expect all interest and principal payments due in the next twelve months will be satisfied by our cash flows, which will allow us to maintain an adequate level of liquidity. The Warrants, if and when exercised, would provide additional liquidity in an amount up to $25,140,000. On July 31, 2019, our liquidity was reduced by $4.1 million due to a reduction in availability under our Revolving Facility.

Our Revolving Facility expires December 28, 2019.

At June 30, 2019, the principal amount of our outstanding debt totals $458,558,000. The June 30, 2019 principal amount of debt, net of cash, is 3.5 times our trailing 12 months adjusted EBITDA.

There are numerous potential consequences under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control. The occurrence of one or more events of default would give rise to the right of the applicable lender(s) to exercise their remedies under the Notes, 1st Lien Credit Facility and 2nd Lien Term Loan, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and repay, refinance or amend our debt agreements as they become due, if available liquidity is consumed. The Notes, 1st Lien Credit Facility and 2nd Lien Term Loan have only limited affirmative covenants with which we are required to maintain compliance. We are in compliance with our debt covenants at June 30, 2019.

In February 2017 our filing of a replacement Form S-3 registration statement ("Shelf") with the SEC, was declared effective and expires February 2020. The Shelf registration gives us the flexibility to issue and publicly distribute various types of securities, including preferred stock, common stock, warrants, secured or unsecured debt securities, purchase contracts and units consisting of any combination of such securities, from time to time, in one or more offerings, up to an aggregate amount of $750,000,000. SEC issuer eligibility rules require us to have a public float of at least $75,000,000 in order to use the Shelf. Subject to maintenance of the minimum level of equity market float and the conditions of our existing debt agreements, the Shelf may enable us to sell securities quickly and efficiently when market conditions are favorable or financing needs arise. Under our existing debt agreements, net proceeds from the sale of any securities may be used generally to reduce debt.

CHANGES IN LAWS AND REGULATIONS

Pension Plans

In 2012, the Surface Transportation Extension Act of 2012 (“STEA”) was signed into law. STEA provides for changes in the determination of discount rates that result in a near-term reduction in minimum funding requirements for our defined benefit pension plans. STEA will also result in an increase in future premiums to be paid to the Pension Benefit Guarantee Corporation ("PBGC").

In 2014, the Highway and Transportation Funding Act ("HATFA") was signed into law. HATFA generally extends the relief offered under STEA and further increases premiums to be paid to the PBGC.

Income Taxes

On December 22, 2017, the 2017 Tax Act was signed into law. Among other provisions, the 2017 Tax Act reduces the federal statutory corporate income tax rate from 35% to 21%. The reduction of the corporate tax rate caused us to re-measure our deferred tax assets and liabilities to the lower federal base rate of 21%. We reported a discrete adjustment from revaluing our deferred tax assets and liabilities which resulted in a provisional net decrease in income tax expense of $24,872,000 for the 39 weeks ended June 24, 2018.

The Securities Exchange Commission has issued rules that allow for a measurement period of up to one year after the enactment date of the 2017 Tax Act to finalize the recording of the related transitional impact. Apart from any future changes in interpretations, legislative action or changes in accounting standards, we finalized and recorded the resulting adjustments as of September 30, 2018.

Wage Laws

The United States and various state and local governments are considering increasing their respective minimum wage rates. Most of our employees earn an amount in excess of the current United States or state minimum wage rates. However, until changes to such rates are enacted, the impact of the changes cannot be determined.

INFLATION

Price increases (or decreases) for our products or services are implemented when deemed appropriate by us. We continuously evaluate price increases, productivity improvements, sourcing efficiencies and other cost reductions to mitigate the impact of inflation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk stemming from changes in interest rates and commodity prices. Changes in these factors could cause fluctuations in earnings and cash flows. In the normal course of business, exposure to certain of these market risks is managed as described below.

INTEREST RATES ON DEBT

Our debt structure, which is entirely fixed rate, eliminates the potential impact of an increase in interest rates. At June 30, 2019, we had no floating debt outstanding. We have no interest rate hedging in place.

COMMODITIES

Newsprint prices decreased during the June 2019 Quarter as a result of declining domestic and export demand.

Our long-term supply strategy is to align the Company with those cost-effective suppliers most likely to continue producing and supplying newsprint to the North American market and geographically aligned with our print locations. Where possible the Company will align supply with the lowest cost material, but may be restricted due to shipping expenses and paper production availability.

A $10 per tonne price increase for 30 pound newsprint would result in an annualized reduction in income before taxes of approximately $331,000 annualized based on anticipated consumption in 2019, excluding consumption of TNI and MNI and the impact of LIFO accounting.

SENSITIVITY TO CHANGES IN VALUE

Our debt consists of $374,420,000 principal amount of the Notes and $84,138,000 principal amount under the 2nd Lien Term Loan, which are subject to fixed interest rates. At June 30, 2019, based on an average of private market price quotations, the fair values were $381,440,375 and $83,927,867 for the Notes and 2nd Lien Term Loan, respectively.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q (the “Evaluation Date”). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the Company, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting that occurred during the 13 weeks ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

Item 6. Exhibits

Number	Description
31.1	Rule 13a-14(a)/15d-14(a) certification
31.2	Rule 13a-14(a)/15d-14(a) certification
32	Section 1350 certification

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEE ENTERPRISES, INCORPORATED

/s/ Timothy R. Millage — August 9, 2019

Timothy R. Millage
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Kevin D. Mowbray, certify that:

1 I have reviewed this Quarterly report on Form 10-Q ("Quarterly Report") of Lee Enterprises, Incorporated ("Registrant");

2 Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3 Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;

4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and

d) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an Annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 9, 2019

/s/ Kevin D. Mowbray
Kevin D. Mowbray
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Timothy R. Millage, certify that:

1 I have reviewed this Quarterly report on Form 10-Q ("Quarterly Report") of Lee Enterprises, Incorporated ("Registrant");

2 Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3 Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;

4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and

d) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an Annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 9, 2019

/s/ Timothy R. Millage
Timothy R. Millage
Vice President, Chief Financial Officer and Treasurer

The following statement is being furnished to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Lee Enterprises, Incorporated

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that to our knowledge:

(i) this Quarterly report on Form 10-Q for the period ended June 30, 2019 ("Quarterly Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lee Enterprises, Incorporated for the periods presented in the Quarterly Report.

Date: August 9, 2019

/s/ Kevin D. Mowbray	/s/ Timothy R. Millage
Kevin D. Mowbray	Timothy R. Millage
President and Chief Executive Officer	Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to Lee Enterprises, Incorporated and will be retained by Lee Enterprises, Incorporated and furnished to the Securities and Exchange Commission upon request.