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 March 28, 2010

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 [ ] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X] (Do not check if a smaller reporting company)	Smaller reporting company	[ ]

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 March 28, 2010, 39,147,245 shares of Common Stock and 5,724,407 shares of Class B Common Stock of the Registrant were outstanding.

Table Of Contents

			PAGE
FORWARD LOOKING STATEMENTS			1
PART I	FINANCIAL INFORMATION		
	Item 1.	Financial Statements (unaudited)	
		Consolidated Balance Sheets - March 28, 2010 and September 27, 2009	2
		Consolidated Statements of Operations and Comprehensive Income (Loss) - 13 weeks and 26 weeks ended March 28, 2010 and March 29, 2009	4
		Consolidated Statements of Cash Flows - 26 weeks ended March 28, 2010 and March 29, 2009	5
		Notes to Consolidated Financial Statements	6
	Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
	Item 3.	Quantitative and Qualitative Disclosures About Market Risk	37
	Item 4.	Controls and Procedures	38
PART II	OTHER INFORMATION		39
	Item 1.	Legal Proceedings	39
	Item 2(c).	Issuer Purchases of Equity Securities	39
	Item 4.	Other Information	39
	Item 6.	Exhibits	40
SIGNATURES			40

References to “we”, “our”, “us” and the like throughout this document refer to Lee Enterprises, Incorporated (the "Company").

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, and comply with or obtain amendments or waivers of the fina ncial covenants contained in our credit facilities, if necessary.

Other risks and uncertainties include the impact and duration of continuing adverse economic conditions, changes in advertising demand, potential changes in newsprint and other commodity prices, energy costs, interest rates and the availability of credit due to instability in the credit markets, labor costs, legislative and regulatory rulings, difficulties in achieving planned expense reductions, maintaining employee and customer relationships, increased capital costs, 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&rdquo ;, “anticipates”, “intends”, “plans”, “projects”, “considers” and similar expressions) generally should be considered forward-looking statem ents. 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.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars, Except Per Share Data)	March 28 2010	September 27 2009
ASSETS		
Current assets:		
Cash and cash equivalents	20,020	7,905
Accounts receivable, net	74,955	79,731
Income taxes receivable	—	5,625
Inventories	15,875	13,854
Deferred income taxes	3,638	3,638
Other	10,014	7,354
Total current assets	124,502	118,107
Investments:		
Associated companies	58,405	58,073
Restricted cash and investments	9,373	9,324
Other	9,642	9,498
Total investments	77,420	76,895
Property and equipment:		
Land and improvements	28,075	30,365
Buildings and improvements	193,363	195,573
Equipment	313,357	316,364
Construction in process	4,729	1,985
	539,524	544,287
Less accumulated depreciation	294,592	281,318
Property and equipment, net	244,932	262,969
Goodwill	433,552	433,552
Other intangible assets, net	580,721	603,348
Other	17,462	20,741
Total assets	1,478,589	1,515,612

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

(Thousands of Dollars and Shares, Except Per Share Data)	March 28 2010	September 27 2009
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	72,000	89,800
Accounts payable	24,154	31,377
Compensation and other accrued liabilities	38,435	42,755
Income taxes payable	658	—
Unearned revenue	38,930	37,001
Total current liabilities	174,177	200,933
Long-term debt, net of current maturities	1,063,179	1,079,993
Pension obligations	44,333	45,953
Postretirement and postemployment benefit obligations	7,733	40,687
Other retirement and compensation obligations	1,583	1,539
Deferred income taxes	112,377	93,766
Income taxes payable	13,620	12,839
Other	14,382	16,052
Total liabilities	1,431,384	1,491,762
Equity:		
Stockholders' equity:		
Serial convertible preferred stock, no par value; authorized 500 shares; none issued	—	—
Common Stock, $2 par value; authorized 120,000 shares; issued and outstanding:	78,294	78,278
March 28, 2010; 39,147 shares;		
September 27,2009; 39,139 shares		
Class B Common Stock, $2 par value; authorized 30,000 shares; issued and outstanding:	11,448	11,552
March 28, 2010; 5,724 shares;		
September 27, 2009; 5,776 shares		
Additional paid-in capital	138,778	137,713
Accumulated deficit	(194,402)	(225,299)
Accumulated other comprehensive income	12,813	21,354
Total stockholders' equity	46,931	23,598
Non-controlling interests	274	252
Total equity	47,205	23,850
Total liabilities and equity	1,478,589	1,515,612

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

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

	13 Weeks Ended		26 Weeks Ended	
(Thousands of Dollars, Except Per Common Share Data)	March 28 2010	March 29 2009	March 28 2010	March 29 2009
Operating revenue:				
Advertising	130,563	141,529	284,965	326,112
Circulation	45,018	47,086	90,133	94,642
Other	10,163	10,229	20,484	21,645
Total operating revenue	185,744	198,844	395,582	442,399
Operating expenses:				
Compensation	79,298	84,295	161,433	178,778
Newsprint and ink	13,061	20,664	25,754	45,818
Other operating expenses	59,793	62,871	121,270	132,821
Depreciation	7,172	8,408	14,535	16,704
Amortization of intangible assets	11,307	12,092	22,627	24,195
Impairment of goodwill and other assets	3,290	144,862	3,290	214,907
Workforce adjustments	290	2,351	687	3,189
Total operating expenses	174,211	335,543	349,596	616,412
Curtailment gains	13,882	—	45,012	—
Equity in earnings of associated companies	1,277	348	3,466	3,412
Reduction of investment in TNI	—	9,951	—	9,951
Operating income (loss)	26,692	(146,302)	94,464	(180,552)
Non-operating income (expense):				
Financial income	146	549	199	1,820
Financial expense	(15,643)	(17,031)	(35,448)	(35,116)
Debt financing costs	(1,972)	(12,927)	(3,967)	(14,850)
Other, net	—	1,823	—	1,823
Total non-operating expense, net	(17,469)	(27,586)	(39,216)	(46,323)
Income (loss) from continuing operations before income taxes	9,223	(173,888)	55,248	(226,875)
Income tax expense (benefit)	6,241	(63,999)	24,309	(69,523)
Income (loss) from continuing operations	2,982	(109,889)	30,939	(157,352)
Discontinued operations, net	—	—	—	(5)
Net income (loss)	2,982	(109,889)	30,939	(157,357)
Net income (loss) attributable to non-controlling interests	(9)	(38)	42	132
Decrease in redeemable non-controlling interest	—	58,094	—	57,055
Income (loss) attributable to Lee Enterprises, Incorporated	2,991	(51,757)	30,897	(100,434)
Other comprehensive income (loss), net	(9,335)	12,822	(8,541)	11,076
Comprehensive income (loss)	(6,344)	(38,935)	22,356	(89,358)
Income (loss) from continuing operations attributable to Lee Enterprises, Incorporated	2,991	(51,757)	30,897	(100,429)
Earnings (loss) per common share attributable to Lee Enterprises, Incorporated:				
Basic:				
Continuing operations	0.07	(1.16)	0.69	(2.26)
Discontinued operations	—	—	—	—
	0.07	(1.16)	0.69	(2.26)
Diluted:				
Continuing operations	0.07	(1.16)	0.69	(2.26)
Discontinued operations	—	—	—	—
	0.07	(1.16)	0.69	(2.26)

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

Table of Contents

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

(Thousands of Dollars)	26 Weeks Ended March 28 2010	26 Weeks Ended March 29 2009
Cash provided by operating activities:		
Net income (loss)	30,939	(157,357)
Results of discontinued operations	—	(5)
Income (loss) from continuing operations	30,939	(157,352)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	37,162	40,899
Impairment of goodwill and other assets	3,290	214,907
Curtailment gains	(45,012)	—
Reduction of investment in TNI	—	9,951
Accretion of debt fair value adjustment	(310)	(3,459)
Stock compensation expense	1,144	1,565
Distributions greater (less) than current earnings of associated companies	(648)	907
Deferred income tax expense (benefit)	18,581	(67,034)
Debt financing costs	3,937	14,850
Changes in operating assets and liabilities:		
Decrease in receivables	10,401	18,561
Decrease (increase) in inventories and other	(388)	8,422
Decrease in accounts payable, accrued expenses and unearned revenue	(9,562)	(40,020)
Decrease in pension, postretirement and post employment benefits	(406)	(2,753)
Change in income taxes receivable or payable	1,439	(8,092)
Other, net	(48)	2,291
Net cash provided by operating activities of continuing operations	50,519	33,643
Cash provided by (required for) investing activities of continuing operations:		
Purchases of marketable securities	—	(47,777)
Sales or maturities of marketable securities	—	166,109
Purchases of property and equipment	(4,806)	(8,398)
Decrease (increase) in restricted cash	(49)	2,733
Proceeds from sales of assets	625	755
Other	296	1,044
Net cash provided by (required for) investing activities of continuing operations	(3,934)	114,466
Cash provided by (required for) financing activities of continuing operations:		
Proceeds from long-term debt	67,800	147,950
Payments on long-term debt	(102,104)	(273,950)
Debt financing costs paid	—	(22,840)
Cash dividends paid	—	(8,539)
Common stock transactions, net	(166)	48
Net cash required for financing activities of continuing operations	(34,470)	(157,331)
Net cash required for discontinued operations	—	(5)
Net increase (decrease) in cash and cash equivalents	12,115	(9,227)
Cash and cash equivalents:		
Beginning of period	7,905	23,459
End of period	20,020	14,232

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

The Consolidated Financial Statements included herein are unaudited. 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 March 28, 2010 and their results of operations and cash flows for the periods presented. The Consolidated Financial Statements should be read in conjunction with the Consolidated Financial State ments and Notes thereto included in the Company's 2009 Annual Report on Form 10-K.

Because of seasonal and other factors, the results of operations for the 13 weeks and 26 weeks ended March 28, 2010 are not necessarily indicative of the results to be expected for the full year.

References to “we”, “our”, “us” and the like throughout this document refer to the Company. References to “2010”, “2009” and the like refer to the fiscal year 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 50% interest in TNI Partners (“TNI”), 50% interest in Madison Newspapers, Inc. (“MNI”), and 82.5% interest in INN Partners, L.C. (“INN”).

Accounting Standards Codification

In 2009, the Financial Accounting Standards Board (“FASB”) issued Statement 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (“ASC”), which became the source of accounting principles to be applied in the preparation of financial statements for nongovernmental entities. ASC was effective for us as of September 27, 2009. ASC did not have any impact on our Consolidated Financial Statements since it was not intended to change existing accounting principles generally accepted in the United States of America (“GAAP”), except as related to references for authoritative literature.

2 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 circulation of the *Arizona Daily Star* and, until May 2009, the *Tucson Citizen,* as well as their related online operations 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 newspapers and other media.

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

In May 2009, Citizen discontinued print publication of the *Tucson Citizen*. The change resulted in workforce adjustments and other transitions costs of approximately $1,925,000 in 2009, of which $1,093,000 was incurred directly by TNI.

Summarized results of TNI are as follows:

(Thousands of Dollars)	13 Weeks Ended March 28 2010	13 Weeks Ended March 29 2009	26 Weeks Ended March 28 2010	26 Weeks Ended March 29 2009
Operating revenue	16,282	18,791	34,088	40,790
Operating expenses, excluding curtailment gain, workforce adjustments, depreciation and amortization	14,034	17,131	28,773	35,862
Curtailment gain	—	—	—	(1,332)
Workforce adjustments	—	—	783	102
Operating income (loss)	2,248	1,660	4,532	6,158
Company's 50% share of operating income	1,124	830	2,266	3,079
Less amortization of intangible assets	304	379	548	759
Equity in earnings of TNI	820	451	1,718	2,320

Star Publishing's 50% share of TNI depreciation and certain general and administrative expenses associated with its share of the operation and administration of TNI are reported as operating expenses (benefit) in our Consolidated Statements of Operations and Comprehensive Income (Loss). These amounts totaled $3,000 and $538,000 in the 13 weeks ended March 28, 2010 and March 29, 2009, respectively, and $(132,000) and $1,129,000 in the 26 weeks ended March 28, 2010 and March 29, 2009, respectively.

Annual amortization of intangible assets is estimated to be $1,215,000 in each of the 52 week periods ending March 2011 through March 2013, $960,000 in the 52 week period ending March 2014 and $911,000 in the 52 week period ending March 2015.

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 online sites. 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 March 28 2010	13 Weeks Ended March 29 2009	26 Weeks Ended March 28 2010	26 Weeks Ended March 29 2009
Operating revenue	17,573	18,321	38,170	41,705
Operating expenses, excluding depreciation and amortization	15,565	17,727	31,388	36,698
Workforce adjustment and transition costs	16	319	16	294
Depreciation and amortization	576	828	1,152	1,652
Operating income (loss)	1,416	(553)	5,614	3,061
Net income (loss)	914	(206)	3,496	2,184
Equity in earnings (loss) of MNI	457	(103)	1,748	1,092

3 GOODWILL AND OTHER INTANGIBLE ASSETS

There were no changes in the carrying value of goodwill in the 26 weeks ended March 28, 2010.

Identified intangible assets consist of the following:

(Thousands of Dollars)	March 28 2010	September 27 2009
Nonamortized intangible assets:		
Mastheads	44,754	44,754
Amortizable intangible assets:		
Customer and newspaper subscriber lists	885,713	885,713
Less accumulated amortization	349,756	327,133
	535,957	558,580
Noncompete and consulting agreements	28,658	28,658
Less accumulated amortization	28,648	28,644
	10	14
	580,721	603,348

In assessing the recoverability of goodwill and other nonamortized intangible assets, we make a determination of the fair value of our business. Fair value is determined using a combination of an income approach, which estimates fair value based upon future revenue, expenses and cash flows discounted to their present value, and a market approach, which estimates fair value using market multiples of various financial measures compared to a set of comparable public companies in the publishing industry. A non-cash impairment charge will generally be recognized when the carrying amount of the net assets of the business exceeds its estimated fair value.

The required valuation methodology and underlying financial information that are used to determine fair value require significant judgments to be made by us. These judgments include, but are not limited to, long term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

We analyze goodwill and other nonamortized intangible assets for impairment on an annual basis, or more frequently if impairment indicators are present. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets.

We review our amortizable intangible assets for impairment when indicators of impairment are present. We assess recovery of these assets by comparing the estimated undiscounted cash flows associated with the asset or asset group with their carrying amount. The impairment amount, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

We also periodically evaluate our determination of the useful lives of amortizable intangible assets. Any resulting changes in the useful lives of such intangible assets will not impact our cash flows. However, a decrease in the useful lives of such intangible assets would increase future amortization expense and decrease future reported operating results and earnings per common share.

Due primarily to the continuing and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill, nonamortized and amortizable intangible assets in the 13 weeks ended December 28, 2008 and March 29, 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment. We recorded deferred income tax benefits related to these charges.

Because of the timing of the determination of impairment and complexity of the calculations required, the amounts recorded in the 13 weeks ended March 29, 2009 were preliminary. The final analysis, which was completed in the 13 weeks ended June 28, 2009, resulted in additional charges.

2009 impairment charges and the related income tax benefit are summarized as follows:

	13 Weeks Ended				
(Thousands of Dollars)	December 28 2008	March 29 2009	June 28 2009	September 27 2009	Total
Goodwill	67,781	107,115	18,575	—	193,471
Mastheads	—	17,884	(3,829)	—	14,055
Customer and newspaper subscriber lists	—	18,928	14,920	—	33,848
Property and equipment	2,264	935	—	1,380	4,579
	70,045	144,862	29,666	1,380	245,953
Reduction in investment in TNI	—	9,951	10,000	—	19,951
Income tax benefit	(14,261)	(39,470)	(11,720)	(489)	(65,940)
	55,784	115,343	27,946	891	199,964

Annual amortization of intangible assets for each of the 52 week periods ending March 2015 is estimated to be $45,060,000, $44,151,000, $40,262,000, $39,056,000 and $39,001,000, respectively.

4 DEBT

Credit Agreement

In 2006, we entered into an amended and restated credit agreement (“Credit Agreement”) with a syndicate of financial institutions (the “Lenders”). Th e Credit Agreement provided for aggregate borrowing of up to $1,435,000,000 and replaced a $1,550,000,000 credit agreement consummated in 2005. In February 2009, we completed a comprehensive restructuring of the Credit Agreement, which supplemented amendments consummated earlier in 2009 (together, the “2009 Amendments”).

Security

The Credit Agreement is fully and unconditionally guaranteed on a joint and several basis by substantially all of our existing and future, direct and indirect subsidiaries in which we hold a direct or indirect interest of more than 50% (the “Credit Parties”); provided however, that our wholly-owned subsidiary Pulitzer Inc. (“Pul itzer”) and its subsidiaries will not become Credit Parties for so long as their doing so would violate the terms of the Pulitzer Notes discussed more fully below. The Credit Agreement is secured by first priority security interests in the stock and other equity interests owned by the Credit Parties in their respective subsidiaries.

As a result of the 2009 Amendments, the Credit Parties pledged substantially all of their tangible and intangible assets, and granted mortgages covering certain real estate, as collateral for the payment and performance of their obligations under the Credit Agreement. Assets of Pulitzer and its subsidiaries, TNI, our ownership interest in, and assets of, MNI and certain employee benefit plan assets are excluded.

Interest Payments

Debt under the A Term Loan, which has a balance of $666,606,000 at March 28, 2010, and the $375,000,000 revolving credit facility, which has a balance of $297,425,000 at March 28, 2010, bear interest, at our option, at either a base rate or an adjusted Eurodollar rate ("LIBOR"), plus an applicable margin. The base rate for the facility is the greater of (i) the prime lending rate of Deutsche Bank Trust Company Americas at such time; (ii) 0.5% in excess of the overnight federal funds rate at such time; or (iii) 30 day LIBOR plus 1.0%. The applicable margin is a percentage determined according to the following: for revolving loans and A Term Loans maintained as base rate loans: 1.625% to 3.5%, and maintained as Eurodollar loans: 2.625% to 4.5% depending, in each instance, upon our total leverage ratio at such time.

Minimum LIBOR levels of 1.25%, 2.0% and 2.5% for borrowings for one month, three month and six month periods, respectively, are also in effect. At March 28, 2010, all of our outstanding debt under the Credit Agreement is based on one month borrowing. At the March 28, 2010 leverage level, our debt under the Credit Agreement is priced at a LIBOR margin of 300 basis points.

Under the 2009 Amendments, contingent, non-cash payment-in-kind interest expense of 1.0% to 2.0% will be accrued in a quarterly period only in the event our total leverage ratio exceeds 7.5:1 at the end of the previous quarter. At March 28, 2010, this provision is not applicable. Such non-cash charges, if any, will be added to the principal amount of debt and will be reversed, in whole or in part, in the event our total leverage ratio is below 6.0:1 in September 2011 or we refinance the Credit Agreement in advance of its April 2012 maturity.

Principal Payments

We may voluntarily prepay principal amounts outstanding or reduce commitments under the Credit Agreement at any time, in whole or in part, without premium or penalty, upon proper notice and subject to certain limitations as to minimum amounts of prepayments. We are required to repay principal amounts, on a quarterly basis until maturity, under the A Term Loan. Total A Term Loan payments in the 13 weeks ended March 28, 2010 were $15,313,000. The 2009 Amendments reduce the amount and delay the timing of mandatory principal payments under the A Term Loan. Remaining payments in 2010 and 2011 total $30,000,000 and $65,000,000, respectively. Payments in 2012 prior to the April 2012 maturity total $70,000,000. The scheduled payment at maturity is $501,606,000, plus the balance of the revolving credit facility outstanding at that time.

In addition to the scheduled payments, we are required to make mandatory prepayments under the A Term Loan under certain other conditions. The Credit Agreement requires us to apply the net proceeds from asset sales to repayment of the A Term Loan. In the 13 weeks ended March 28, 2010, we made a $313,000 payment related to this provision.

The Credit Agreement also requires us to accelerate future payments under the A Term Loan in the amount of 75% of our annual excess cash flow, as defined. We had no excess cash flow in 2009. We had excess cash flow of approximately $62,000,000 in 2008 and, as a result, paid $46,325,000 originally due under the A Term Loan in March and June 2009. The acceleration of such payments due to future asset sales or excess cash flow does not change the due dates of other A Term Loan payments.

Covenants and Other Matters

The Credit Agreement contains customary affirmative and negative covenants for financing of its type. At March 28, 2010, we were in compliance with such covenants. These financial covenants include a maximum total leverage ratio, as defined. The total leverage ratio is based primarily on the sum of the principal amount of all our debt, which equals $1,134,031,000 at March 28, 2010, plus letters of credit and certain other factors, divided by a measure of trailing 12 month operating results, which includes several elements, including distributions from TNI and MNI and curtailment gains.

The 2009 Amendments amended our covenants to take into account economic conditions and the changes to amortization of debt noted above. Our total leverage ratio at March 28, 2010 was 5.1:1. Under the 2009 Amendments, our maximum total leverage ratio limit will decrease from 8.75:1 in March 2010, to 8.5:1 in June 2010, decrease to 7.75:1 in September 2010, decrease to 7.5:1 in December 2010, decrease to 7.25:1 in March 2011 and decrease to 7.0:1 in June 2011. Each change in the leverage ratio limit noted above is effective on the last day of the quarter.

The Credit Agreement also includes a minimum interest expense coverage ratio, as defined, which is based on the same measure of trailing 12 month operating results noted above. Our interest expense coverage ratio at March 28, 2010 was 2.72:1. The minimum interest expense coverage ratio is 1.4:1 in March 2010 and will increase periodically thereafter until it reaches 2.25:1 in March 2012.

The 2009 Amendments require us to suspend stockholder dividends and share repurchases through April 2012. The 2009 Amendments also limit capital expenditures to $20,000,000 per year, with a provision for carryover of unused amounts from the prior year. Further, the 2009 Amendments modify other covenants, including restricting our ability to make additional investments and acquisitions without the consent of the Lenders, limiting additional debt beyond that permitted under the Credit Agreement, and limiting the amount of unrestricted cash and cash equivalents the Credit Parties may hold to a maximum of $10,000,000 for a five day period. Such covenants require that substantially all of our future cash flows are required to be directed toward debt reduction. Finally, the 2009 Amendments eliminated an unused incremental term loan facility.

Pulitzer Notes

In conjunction with its formation in 2000, St. Louis Post-Dispatch LLC ("PD LLC") borrowed $306,000,000 (the “Pulitzer Notes”) from a group of institutional lenders (the “Noteholders”). The aggregate principal amount of the Pulitzer Notes was payable in April 2009.

In February 2009, the Pulitzer Notes and the Guaranty Agreement described below were amended (the “Notes Amendment”). Under the Notes Amendment, PD LLC repaid $120,000,000 of the principal amount of the debt obligation using substantially all of its previously restricted cash, which totaled $129,810,000 at December 28, 2008. The remaining debt balance of $186,000,000, of which $170,000,000 remains outstanding at March 28, 2010, was refinanced by the Noteholders until April 2012.

The Pulitzer Notes are guaranteed by Pulitzer pursuant to a Guaranty Agreement dated May 1, 2000 (the “Guaranty Agreement”) with the Noteholders. The Notes Amendment provides that the obligations under the Pulitzer Notes are fully and unconditionally guaranteed on a joint and several basis by Pulitzer's existing and future subsidiaries (excluding Star Publishing and TNI). Also, as a result of the Notes Amendment, Pulitzer and each of its subsidiaries pledged substantially all of its tangible and intangible assets, and granted mortgages covering certain real estate, as collateral for the payment and performance of their obligations under the Pulitzer Notes. Assets and stock of Star Publishing, our ownership interest in TNI and certain employee benefit plan assets are excluded.

The Notes Amendment increased the rate paid on the outstanding principal balance to 9.05% until April 28, 2010. The interest rate will increase by 0.5% per year thereafter.

Pulitzer may voluntarily prepay principal amounts outstanding or reduce commitments under the Pulitzer Notes at any time, in whole or in part, without premium or penalty, upon proper notice and consent from the Noteholders and the Lenders, and subject to certain limitations as to minimum amounts of prepayments. The Notes Amendment provides for mandatory scheduled prepayments, including quarterly principal payments of $4,000,000 which began on June 29, 2009 and an additional principal payment from restricted cash, if any, of up to $4,500,000 in October 2010. In 2010, the $4,000,000 payments due December 28, 2009 and March 29, 2010 were made prior to the end of the previous fiscal quarters. In 2009, the $4,000,000 payments due on June 29, 2009 and September 30, 2009 were made prior to the end of the previous fiscal quarters.

The Notes Amendment establishes a reserve of restricted cash of up to $9,000,000 (reducing to $4,500,000 in October 2010) to facilitate the liquidity of the operations of Pulitzer. All other previously existing restricted cash requirements were eliminated. The Notes Amendment allocates a percentage of Pulitzer's quarterly excess cash flow (as defined) between Pulitzer and the Credit Parties and requires prepayments to the Noteholders under certain specified events. In May 2010, a principal prepayment of $1,000,000 was made under the Pulitzer Notes from excess cash flow of Pulitzer for the 13 weeks ended March 28, 2010. There was no excess cash flow in the 13 weeks ended December 27, 2009 or in 2009.

The Pulitzer Notes contain certain covenants and conditions including the maintenance, by Pulitzer, of the maximum ratio of debt to EBITDA (limit of 4.0:1 at March 28, 2010), as defined in the Guaranty Agreement, minimum net worth and limitations on the incurrence of other debt. The Notes Amendment added a requirement to maintain minimum interest coverage (limit of 2.5:1 at March 28, 2010), as defined. The Notes Amendment amended the Pulitzer Notes and the Guaranty Agreement covenants to take into account economic conditions and the changes to amortization of debt noted above. At March 28, 2010, Pulitzer was in compliance with such covenants.

Further, the Notes Amendment added and amended other covenants including limitations or restrictions on additional debt, distributions, loans, advances, investments, acquisitions, dispositions and mergers. Such covenants require that substantially all future cash flows of Pulitzer are required to be directed first toward repayment of the Pulitzer Notes and that cash flows of Pulitzer are largely segregated from those of the Credit Parties.

The Credit Agreement contains a cross-default provision tied to the terms of the Pulitzer Notes and the Pulitzer Notes have limited cross-default provisions tied to the terms of the Credit Agreement.

The 2005 purchase price allocation of Pulitzer resulted in an increase in the value of the Pulitzer Notes in the amount of $31,512,000, which was recorded as debt in the Consolidated Balance Sheets. At March 28, 2010, the unaccreted balance totals $1,148,000. This amount is being accreted over the remaining life of the Pulitzer Notes, until April 2012, as a reduction in interest expense using the interest method. This accretion will not increase the principal amount due, or reduce the amount of interest to be paid, to the Noteholders.

Liquidity

We expect to utilize a portion of our capacity under our revolving credit facility to fund part of 2010 principal payments required under the Credit Agreement. At March 28, 2010, we had $297,425,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments and letters of credit, have approximately $63,154,000 available for future use. Including cash and restricted cash, our liquidity at March 28, 2010 totals $92,547,000. This liquidity amount excludes any future cash flows. Remaining mandatory principal payments on debt in 2010 total $34,000,000. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows. We expect all remaining interest payments and substantially all principal payments due in 2010 will be satisfied by our continuing cash flows.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed. We are in compliance with our debt covenants at March 28, 2010.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control, and the control of Pulitzer, and PD LLC, respectively. The occurrence of one or more events of default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

The 2010 Redemption, as discussed more fully in Note 10, eliminated the potential requirement for a substantial cash outflow in April 2010. This event also substantially enhanced our liquidity.

Other

We paid fees to the Lenders and Noteholders for the 2009 Amendments and Notes Amendment which, along with the related legal and financial advisory expenses, totaled $26,061,000. $15,500,000 of the fees were capitalized and are being expensed over the remaining term of the Credit Agreement and Pulitzer Notes, until April 2012. At March 28, 2010, we have total unamortized financing costs of $15,687,000.

Debt is summarized as follows:

(Thousands of Dollars)	March 28 2010	September 27 2009	Interest Rates March 28 2010
Credit Agreement:			
A Term Loan	666,606	714,885	4.25
Revolving credit facility	297,425	275,450	4.25
Pulitzer Notes:			
Principal amount	170,000	178,000	9.05
Unaccreted fair value adjustment	1,148	1,458	
	1,135,179	1,169,793	
Less current maturities	72,000	89,800	
	1,063,179	1,079,993	

At March 28, 2010, our weighted average cost of debt was 4.97%.

Aggregate maturities of debt in the 52 weeks ending March 2011, 2012 and 2013 are $72,000,000, $96,000,000, and $966,031,000, respectively. In addition, as discussed above, an additional principal payment from restricted cash of up to $4,500,000 may be required in October 2010 under the Pulitzer Notes.

5 PENSION, POSTRETIREMENT AND POSTEMPLOYMENT DEFINED BENEFIT PLANS

We have several noncontributory defined benefit pension plans that together cover certain *St. Louis Post-Dispatch* and selected other employees. Benefits under the plans are generally based on salary and years of service. Our liability and related expense for benefits under the plans are recorded over the service period of active employees based upon annual actuarial calculations. Plan funding strategies are influenced by tax regulations. Plan assets consist primarily of domestic and foreign corporate equity securities, government and corporate bonds, 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, PD LLC provides postemployment disability benefits to certain employee groups prior to retirement at the *St. Louis Post-Dispatch.* 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 o f 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 cost (benefit) components of our pension and postretirement medical plans are as follows:

Pension Plans				
	13 Weeks Ended		26 Weeks Ended	
(Thousands of Dollars)	March 28 2010	March 29 2009	March 28 2010	March 29 2009
Service cost for benefits earned during the period	333	269	667	538
Interest cost on projected benefit obligation	2,227	2,388	4,454	4,776
Expected return on plan assets	(2,365)	(2,917)	(4,731)	(5,834)
Amortization of net (gain) loss	113	(295)	226	(590)
Amortization of prior service cost	(34)	(34)	(68)	(68)
	274	(589)	548	(1,178)

Postretirement Medical Plans				
	13 Weeks Ended		26 Weeks Ended	
(Thousands of Dollars)	March 28 2010	March 29 2009	March 28 2010	March 29 2009
Service cost for benefits earned during the period	137	178	327	527
Interest cost on projected benefit obligation	695	1,180	1,771	2,862
Expected return on plan assets	(584)	(604)	(1,131)	(1,205)
Amortization of net gain	(636)	(622)	(1,190)	(1,136)
Amortization of prior service cost	(567)	(698)	(1,199)	(756)
	(955)	(566)	(1,422)	292

Based on our forecast at March 28, 2010, we expect to contribute $2,600,000 to our postretirement medical plans in 2010.

2010 Changes to Plans

In December 2009, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in participant premium cost-sharing and elimination of coverage for certain participants. The changes resulted in non-cash curtailment gains of $31,130,000, will reduce 2010 net periodic postretirement medical cost by $1,460,000 beginning in the 13 weeks ending March 28, 2010, and reduced the benefit obligation liability at December 27, 2009 by $28,750,000.

In March 2010, members of the St. Louis Newspaper Guild voted to approve a new 5.5 year contract, effective April 1, 2010. The new contract eliminated postretirement medical coverage for active employees and defined pension benefits were frozen. The elimination of postretirement medical coverage resulted in non-cash curtailment gains of $11,878,000, which were recognized in the 13 weeks ended March 28, 2010 and reduced the benefit obligation liability at March 28, 2010 by $6,576,000. The freeze of defined pension benefits resulted in non-cash curtailment gains of $2,004,000, which were recognized in the 13 weeks ended March 28, 2010, will reduce 2010 net periodic pension expenses by $668,000 beginning in the 13 weeks ending June 27, 2010, and reduced the benefit obligation liability at March 28, 2010 by $2,004,000.

Increases in employee cost sharing discussed above were treated as negative plan amendments. Curtailment treatment was utilized in situations in which coverage was eliminated. Curtailment gains were calculated by revaluation of plan liabilities after consideration of other plan changes.

The Patient Protection and Affordable Care Act along with its companion reconciliation legislation (together the “Affordable Care Act”), were enacted into law in March 2010. We expect the Affordable Care Act will be supported by a substantial number of underlying regulations, many of which have not been issued. Accordingly, a complete determination of the impact of the Affordable Care Act cannot be made at this time. However, we do not expect the Affordable Care Act will have a significant impact on our postretirement medical benefit obligation liability.

6 INCOME TAXES

The provision for income taxes includes deferred taxes and is based upon estimated annual effective tax rates in the tax jurisdictions in which we operate.

Income tax expense (benefit) related to continuing operations differs from the amounts computed by applying the U.S. federal income tax rate to income (loss) before income taxes. The reasons for these differences are as follows:

	13 Weeks Ended		26 Weeks Ended	
(Percent of Income (Loss) from Continuing Operations Before Income Taxes)	March 28 2010	March 29 2009	March 28 2010	March 29 2009
Computed "expected" income tax expense (benefit)	35.0	(35.0)	35.0	(35.0)
State income taxes, net of federal tax benefit	3.0	(3.0)	3.0	(3.0)
Curtailment gains	17.9	—	3.0	—
Affordable Care Act	21.8	—	3.6	—
Impairment of goodwill and other assets	—	10.2	—	12.8
Valuation allowance	—	(9.9)	—	(7.1)
Other	(10.0)	0.9	(0.6)	1.7
	67.7	(36.8)	44.0	(30.6)

In March 2010, as a result of the Affordable Care Act enacted at that time, we wrote off $2,012,000 of deferred income tax assets due to the loss of future tax deductions for providing retiree prescription drug benefits.

We file income tax returns with the 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 the income tax returns have been audited or closed to audit through 2005.

7 EARNINGS (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per common share. Per share amounts may not add due to rounding.

	13 Weeks Ended		26 Weeks Ended	
(Thousands of Dollars and Shares, Except Per Share Data)	March 28 2010	March 29 2009	March 28 2010	March 29 2009
Income (loss) attributable to Lee Enterprises, Incorporated:				
Continuing operations	2,991	(51,757)	30,897	(100,429)
Discontinued operations	—	—	—	(5)
	2,991	(51,757)	30,897	(100,434)
Weighted average common shares	44,873	44,922	44,883	44,984
Less non-vested restricted Common Stock	310	473	336	557
Basic average common shares	44,563	44,449	44,547	44,427
Plus dilutive stock options and restricted Common Stock	394	—	313	—
Diluted average common shares	44,957	44,449	44,860	44,427
Earnings (loss) per common share attributable to Lee Enterprises, Incorporated:				
Basic:				
Continuing operations	0.07	(1.16)	0.69	(2.26)
Discontinued operations	—	—	—	—
	0.07	(1.16)	0.69	(2.26)
Diluted:				
Continuing operations	0.07	(1.16)	0.69	(2.26)
Discontinued operations	—	—	—	—
	0.07	(1.16)	0.69	(2.26)

For the 13 weeks and 26 weeks ended March 28, 2010 and March 29, 2009, we have 198,000 and 231,000 weighted average shares, respectively, subject to issuance under our stock option plan that have no intrinsic value and are not considered in the computation of diluted earnings per common share.

8 STOCK OWNERSHIP PLANS

Stock Options

A summary of activity related to our stock option plan is as 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 27, 2009	1,009	9.40		
Cancelled	(38)	27.28		
Outstanding, March 28, 2010	971	8.69	8.5	1,020
Exercisable, March 28, 2010	198	34.56	5.0	—

Total unrecognized compensation expense for unvested stock options as of March 28, 2010 is $915,000, which will be recognized over a weighted average period of 2.4 years.

Restricted Common Stock

The following table summarizes restricted Common Stock activity during the 26 weeks ended March 28, 2010:

(Thousands of Shares, Except Per Share Data)	Shares	Weighted Average Grant Date Fair Value
Outstanding, September 27, 2009	453	19.35
Vested	(143)	28.92
Forfeited	(2)	15.02
Outstanding, March 28, 2010	308	15.03

The fair value of restricted Common Stock vested during the 26 weeks ended March 28, 2010 totals $553,000.

Total unrecognized compensation expense for unvested restricted Common Stock as of March 28, 2010 is $1,072,000, which will be recognized over a weighted average period of less than one year.

9 FAIR VALUE MEASUREMENTS

We adopted FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, in 2009. 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 and 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; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The following table summarizes the financial instruments measured at fair value in the accompanying Consolidated Financial Statements as of March 28, 2010:

(Thousands of Dollars)	Level 3	Total
Herald Value - liability (see Note 10)	2,300	2,300

There were no realized or unrealized gains or losses, purchases, sales, or transfers related to the Herald liability in the 26 weeks ended March 28, 2010.

In the 13 weeks ended March 28, 2010, we reduced the carrying value of equipment no longer in use by $3,290,000, based on estimates of the related fair value in the current market. In 2009, we reduced the carrying value of equipment no longer in use by $4,579,000, based on estimates of the related fair value in the current market. See Note 3. Based on age, condition and marketability we estimated the equipment had no value.

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. Other investments, consisting of debt and equity securities in a deferred compensation trust, are carried at fair value based upon quoted market prices. Investments totaling $8,608,000, consisting primarily of our 17% ownership of the nonvoting common stock of TCT, are carried at cost. The fair value of floating rate debt cannot be determined as an active market for such debt does not exist. Our fixed rate debt consists of the $170,000,000 principal amount of Pulitzer Notes, as discussed more fully in Note 4, which is not traded on an active market and is held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists, we are unable, as of March 28, 2010, to determine the fair value of such debt. The value, if determined, would likely be less than the carrying amount.

10 COMMITMENTS AND CONTINGENT LIABILITIES

Redemption of PD LLC Minority Interest

In 2000, Pulitzer and The Herald Company Inc. ("Herald Inc.") completed the transfer of their respective interests in the assets and operations of the *St. Louis Post-Dispatch* and certain related businesses to a new joint venture, known as PD LLC. Pulitzer is the managing member of PD LLC. Under the terms of the related Operating Agreement, Pulitzer and another subsidiary held a 95% interest in the results of operations of PD LLC and The Herald Publishing Company, LLC ("Herald"), as successor to Herald Inc., held a 5% interest. Until February 2009, Herald's 5% interest was reported as minority interest in the Consolidated Statements of Operations and Comprehensive Income (Loss) at historical cost, plus accumulated earnings since the acquisition of Pulitzer.

Also, under the terms of the Operating Agreement, Herald Inc. received on May 1, 2000 a cash distribution of $306,000,000 from PD LLC. This distribution was financed by the Pulitzer Notes. Pulitzer's investment in PD LLC was treated as a purchase for accounting purposes and a leveraged partnership for income tax purposes.

The Operating Agreement provided Herald a one-time right to require PD LLC to redeem Herald's interest in PD LLC, together with its interest, if any, in STL Distribution Services LLC ("DS LLC ") (the "2010 Redemption"). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008, with the offset primarily to goodwill in the amount of $55,594,000, and th e remainder recorded as a reduction of retained earnings. In 2009 and 2008, we accrued increases in the liability totaling $1,466,000 and $8,838,000, respectively, which increased loss available to common stockholders. The present value of the 2010 Redemption in February 2009 was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the "Herald Value") will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjuste d, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in 2009 as an estimate of the amount of the Herald Value to be disbursed. The determination of the amount of the Herald Value was based on an estimate of fair value using both market and income-based approaches. The actual amount of the Herald Value at the date of settlement will depend on such variables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption.

The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, we reversed substantially all of our liability for the 2010 Redemption in 2009. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

The redemption of Herald's interest in PD LLC and DS LLC is expected to generate significant tax benefits to us as a consequence of the resulting increase in the tax basis of the assets owned by PD LLC and DS LLC and the related depreciation and amortization deductions. The increase in basis to be amortized for income tax purposes over a 15 year period beginning in February 2009 is approximately $258,000,000.

Pursuant to an Indemnity Agreement dated May 1, 2000 (the "Indemnity Agreement") between Herald Inc. and Pulitzer, Herald agreed to indemnify Pulitzer for any payments that Pulitzer may make under the Guaranty Agreement. The Indemnity Agreement and related obligations of Herald to indemnify Pulitzer were also terminated pursuant to the Redemption Agreement.

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.

In 2008, a group of newspaper carriers filed suit against us in the United States District Court for the Southern District of California, claiming to be employees and not independent contractors of ours. The plaintiffs seek relief related to violation of various employment-based statutes, and request punitive damages and attorneys' fees. The suit is in the discovery stage and an initial decision by the judge regarding class certification is expected in 2010. At this time we are unable to predict whether the ultimate economic outcome, if any, could have a material effect on our Consolidated Financial Statements, taken as a whole. We deny the allegations of employee status, consistent with our past practices and industry practices, and intend to vigorously contest the action, which is not covered by insurance.

11 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2010, we adopted FASB ASC 810, *Consolidation*. FASB ASC 810 requires that noncontrolling interests be reported as a separate component of equity. Net income (loss), including the portion attributable to our noncontrolling interests is included in net income (loss) in the Consolidated Statements of Operations and Comprehensive Income (Loss) and will continue to be used to determine earnings (loss) per common share. FASB ASC 810 also requires certain prospective changes in accounting for noncontro lling interests, primarily related to increases and decreases in ownership and changes in control. As required, the presentation and disclosure requirements were adopted through retrospective application, and prior period information has been reclassified accordingly. The adoption did not have a material effect on our Consolidated Financial Statements.

In December 2008, the FASB issued FSP 132(R)-1, *Disclosures about Postretirement Benefit Plan Assets,* codified in ASC 715, *Compensation-Retirement Benefits*. FSP 132(R)-1 requires additional disclosures relating to investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. FSP 132(R)-1 is e ffective September 26, 2010. The adoption will not have a material effect on our Consolidated Financial Statements.

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 26 weeks ended March 28, 2010. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto, included herein, and our 2009 Annual Report on Form 10-K.

NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related financial measure under accounting principles generally accepted in the United States of America. 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 or its ability to meet debt service requirements.

Operating Cash Flow and Operating Cash Flow Margin

Operating cash flow, which is defined as operating income before depreciation, amortization, impairment of goodwill and other assets, curtailment gains and equity in earnings of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures that are used in the analysis below. We believe these measures provide meaningful supplemental information because of their focus on results from operations excluding such non-cash factors.

Reconciliations of operating cash flow and operating cash flow margin to operating income (loss) and operating income (loss) margin, the most directly comparable measures under GAAP, are included in the table below:

	13 Weeks Ended			
(Thousands of Dollars)	March 28 2010	Percent of Revenue	March 29 2009	Percent of Revenue
Operating cash flow	33,302	17.9	28,663	14.4
Less depreciation and amortization	18,479	9.9	20,500	10.3
Less impairment of goodwill and other assets	3,290	NM	144,862	NM
Plus curtailment gains	13,882	NM	—	NM
Plus equity in earnings of associated companies	1,277	0.7	348	0.2
Less reduction of investment in TNI	—	NM	9,951	NM
Operating income (loss)	26,692	14.4	(146,302)	NM

	26 Weeks Ended			
(Thousands of Dollars)	March 28 2010	Percent of Revenue	March 29 2009	Percent of Revenue
Operating cash flow	86,438	21.9	81,793	18.5
Less depreciation and amortization	37,162	9.4	40,899	9.2
Less impairment of goodwill and other assets	3,290	NM	214,907	NM
Plus curtailment gains	45,012	NM	—	NM
Plus equity in earnings of associated companies	3,466	0.9	3,412	0.8
Less reduction of investment in TNI	—	NM	9,951	NM
Operating income (loss)	94,464	23.9	(180,552)	NM

Adjusted Net Income and Adjusted Earnings Per Common Share

Adjusted net income and adjusted earnings per common share, which are defined as income (loss) attributable to Lee Enterprises, Incorporated and earnings (loss) per common share adjusted to exclude both unusual matters and those of a substantially non-recurring nature, are non-GAAP financial measures that are used in the analysis below. We believe these measures provide meaningful supplemental information by identifying matters that are not indicative of core business operating results or are of a substantially non-recurring nature.

Reconciliations of adjusted net income and adjusted earnings per common share to income (loss) attributable to Lee Enterprises, Incorporated and earnings (loss) per common share, respectively, the most directly comparable measures under GAAP, are set forth below under the caption “Overall Results”.

SAME PROPERTY COMPARISONS

Certain information below, as noted, is presented on a same property basis, which is exclusive of acquisitions and divestitures, if any, consummated in the current or prior year. We believe such comparisons provide meaningful supplemental information for an understanding of changes in our revenue and operating expenses. Same property comparisons exclude TNI and MNI. We own 50% of TNI and also own 50% of the capital stock of MNI, both of which are reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of results of operations and financial condition are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements 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. On an on-going basis, we evaluate our estimates. 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.

Our critical accounting policies include the following:

- Goodwill and other intangible assets;
- Pension, postretirement and postemployment benefit plans;
- Income taxes;
- Revenue recognition; and
- Uninsured risks.

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 2009 Annual Report on Form 10-K and the Notes to Consolidated Financial Statements, included herein.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2010, the Company adopted FASB ASC 810, *Consolidation*. FASB ASC 810 requires that noncontrolling interests be reported as a separate component of stockholders' equity. Net income (loss) including the portion attributable to our noncontrolling interests is included in net income (loss) in the Consolidated Statements of Operations and Comprehensive Income (Loss) and will continue to be used to determine earnings (loss) per common share. FASB ASC 810 also requires certain prospective changes in accounting for nonc ontrolling interests primarily related to increases and decreases in ownership and changes in control. As required, the presentation and disclosure requirements were adopted through retrospective application, and prior period information has been reclassified accordingly. The adoption did not have a material effect on our Consolidated Financial Statements.

In December 2008, the FASB issued FSP 132(R)-1, *Disclosures about Postretirement Benefit Plan Assets,* codified in ASC 715, *Compensation-Retirement Benefits*. FSP 132(R)-1 requires additional disclosures relating to investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. FSP 132(R)-1 is effective Septembe r 26, 2010. The

adoption will not have a material effect on our Consolidated Financial Statements.

EXECUTIVE OVERVIEW

We are a premier provider of local news, information and advertising in primarily midsize markets, with 49 daily newspapers and a joint interest in four others, growing online sites and nearly 300 weekly newspapers and specialty publications in 23 states.

We are focused on six key strategic priorities. They are to:

- Grow revenue creatively and rapidly;
- Deliver strong local news and information;
- Maximize local online strength;
- Expand print and online audiences;
- Nurture employee development and achievement; and
- Exercise careful cost control.

Certain aspects of these priorities are discussed below.

Approximately 72% of our revenue is derived from advertising. Our strategies are to increase our share of local advertising through increased sales activities in our existing markets and, over time, to increase print and online audiences through internal expansion into existing and contiguous markets and enhancement of online offerings.

ECONOMIC CONDITIONS

According to the National Bureau of Economic Research, the United States economy entered a recession in the three months ended December 2007 and it is widely believed that certain elements of the economy, such as housing, were in decline before that time. 2009 and 2008 revenue, operating results and cash flows were significantly impacted by the recession. United States gross domestic product increased in the three months ended September 2009, December 2009 and March 2010, likely signaling the end of the current recession. Nonetheless, certain key economic indicators, such as unemployment and underemployment, most measures of housing activity and automobile sales remain at recessionary levels. The duration and depth of an economic recession in market s in which we operate may further reduce our future advertising and circulation revenue, operating results and cash flows.

IMPAIRMENT OF GOODWILL AND OTHER ASSETS

Due primarily to the continuing, and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for the Company and other publishing companies were also factors in the timing of the analyses.

As a result, in 2009 we recorded pretax, non-cash charges to reduce the carrying value of goodwill by $193,471,000. We also recorded pretax, non-cash charges of $14,055,000 and $33,848,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $19,951,000 of additional pretax charges were recorded as a reduction in the carrying value of our investment in TNI. We also recorded additional, pretax non-cash charges of $4,579,000 to reduce the carrying value of property and equipment. We recorded $65,940,000 of deferred income tax benefit related to these charges.

For similar reasons, in 2008 we recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. We also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of our investment in TNI. We also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment. We recorded $281,564,000 of deferred income tax benefit related to these charges.

In the 13 weeks ended March 28, 2010, we reduced the carrying value of equipment no longer in use by $3,290,000.

DEBT AND LIQUIDITY

As discussed more fully in Note 4 to the Consolidated Financial Statements, included herein, in February 2009, we completed a comprehensive restructuring of our Credit Agreement and a refinancing of our Pulitzer Notes debt, substantially enhancing our liquidity and operating flexibility until April 2012. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows. We expect all remaining interest payments and substantially all principal payments due in 2010 will be satisfied by our continuing cash flows.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed. We are in compliance with our debt covenants at March 28, 2010.

13 WEEKS ENDED MARCH 28, 2010

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

	13 Weeks Ended		
(Thousands of Dollars, Except Per Share Data)	March 28 2010	March 29 2009	Percent Change
Advertising revenue:			
Retail	73,536	79,853	(7.9)
Classified:			
Daily newspapers:			
Employment	5,110	6,413	(20.3)
Automotive	5,879	7,461	(21.2)
Real estate	5,764	7,314	(21.2)
All other	10,512	9,946	5.7
Other publications	6,649	7,552	(12.0)
Total classified	33,914	38,686	(12.3)
Online	11,314	9,919	14.1
National	8,734	9,591	(8.9)
Niche publications	3,065	3,480	(11.9)
Total advertising revenue	130,563	141,529	(7.7)
Circulation	45,018	47,086	(4.4)
Commercial printing	2,696	3,042	(11.4)
Online services and other	7,467	7,187	3.9
Total operating revenue	185,744	198,844	(6.6)
Compensation	79,298	84,295	(5.9)
Newsprint and ink	13,061	20,664	(36.8)
Other operating expenses	59,793	62,871	(4.9)
Workforce adjustments	290	2,351	(87.7)
	152,442	170,181	(10.4)
Operating cash flow	33,302	28,663	16.2
Depreciation and amortization	18,479	20,500	(9.9)
Impairment of goodwill and other assets	3,290	144,862	(97.7)
Curtailment gains	13,882	—	NM
Equity in earnings of associated companies	1,277	348	NM
Reduction of investment in TNI	—	9,951	NM
Operating income (loss)	26,692	(146,302)	NM
Non-operating expense, net	(17,469)	(27,586)	(36.7)
Income (loss) before income taxes	9,223	(173,888)	NM
Income tax expense (benefit)	6,241	(63,999)	NM
Income (loss) from continuing operations	2,982	(109,889)	NM
Discontinued operations, net	—	—	—
Net income (loss)	2,982	(109,889)	NM
Net income (loss) attributable to non-controlling interests	(9)	(38)	(76.3)
Decrease in redeemable non-controlling interest	—	58,094	NM
Income (loss) attributable to Lee Enterprises, Incorporated	2,991	(51,757)	NM
Other comprehensive income (loss), net	(9,335)	12,822	NM
Comprehensive income (loss)	(6,344)	(38,935)	NM
Income (loss) from continuing operations attributable to Lee Enterprises, Incorporated	2,991	(51,757)	NM
Earnings (loss) per common share attributable to Lee Enterprises, Incorporated:			
Basic	0.07	(1.16)	NM
Diluted	0.07	(1.16)	NM

References to the 2010 Quarter refer to the 13 weeks ended March 28, 2010. Similarly, references to the 2009

Quarter refer to the 13 weeks ended March 29, 2009. Revenue, as reported, and same property revenue are the same as there were no acquisitions or divestitures in 2010 or 2009.

For the 2010 Quarter, total operating revenue decreased $13,100,000, or 6.6%, compared to the 2009 Quarter. A small, but growing, number of our enterprises have begun to report positive year-over-year revenue. While still negative year-over-year, advertising revenue trends improved in each month of the 2010 Quarter from the 2009 Quarter.

Advertising Revenue

In the 2010 Quarter, advertising revenue decreased $10,966,000, or 7.7%. On a combined basis, print and online retail advertising decreased 6. 4%. Print retail revenue decreased $6,317,000, or 7.9%, in the 2010 Quarter. A 3.1% decrease in daily newspaper retail advertising lineage contributed to the overall decrease. Average retail rates, excluding preprint insertions, decreased 8.9% in the 2010 Quarter. Retail preprint insertion revenue decreased 3.2%. Online retail advertising increased 21.2%, partially offsetting print declines.

The table below combines print and online advertising revenue and reclassifies certain print revenue reported as retail to classified based on the primary business of the advertiser:

	13 Weeks Ended		
(Thousands of Dollars)	March 28 2010	March 29 2009	Percent Change
Retail	77,249	82,503	(6.4)
Classified:			
Employment	8,458	10,131	(16.5)
Automotive	9,766	11,083	(11.9)
Real estate	7,752	9,423	(17.7)
Other	15,098	15,109	(0.1)
Total classified revenue	41,074	45,746	(10.2)

On a combined basis, print and online classified revenue decreased 10.2%. Print classified advertising revenue decreased $4,772,000, or 12.3%, in the 2010 Quarter. Higher rate print employment advertising in our daily newspapers decreased 20.3%, reflecting high unemployment nationally. Print automotive advertising decreased 21.2% amid an industry-wide sales decline. Print real estate advertising decreased 21.2% in a weak housing market nationally, which also negatively impacted the home improvement, furniture and home electronics categories of retail revenue. Other daily newspaper print classified advertising increased 5.7%. Classified advertising rates decreased 8.4%. Online classified advertising increased 3.9%, partially offsetting print declines.

Advertising lineage, as reported for our daily newspapers only, consists of the following:

	13 Weeks Ended		
(Thousands of Inches)	March 28 2010	March 29 2009	Percent Change
Retail	2,380	2,457	(3.1)
National	119	111	7.2
Classified	2,570	2,696	(4.7)
	5,069	5,264	(3.7)

On a standalone basis, online advertising revenue increased 14.1% in the 2010 Quarter. Year-over-year total online advertising turned positive in the month of December 2009.

National advertising decreased $857,000, or 8.9%, due to a 7.2% increase in lineage offset by a 17.0% decrease in average national rate. Advertising in niche publications decreased 11.9%.

Despite declines in advertising revenue, our total advertising results have historically benchmarked favorably to industry averages reported by the Newspaper Association of America.

Circulation and Other Revenue

Circulation revenue decreased $2,068,000, or 4.4%, in the 2010 Quarter. Our unaudited average daily newspaper circulation units, including TNI and MNI, decreased 4.5% and Sunday circulation decreased 5.9% for the 2010 Quarter, compared to the 2009 Quarter. Research in our larger markets indicates we are reaching an increasingly larger audience in these markets through the combination of stable newspaper readership and online growth.

Commercial printing revenue decreased $346,000, or 11.4%, in the 2010 Quarter. Online services and other revenue increased $280,000, or 3.9%, in the 2010 Quarter.

Operating Expenses

Costs other than depreciation, amortization, impairment charges and other unusual matters decreased $15,678,000, or 9.3%, in the 2010 Quarter, and decreased $17,235,000, or 10.5%, on a same property basis.

Compensation expense decreased $4,997,000, or 5.9%, in the 2010 Quarter, driven by a decline in average full time equivalent employees of 7.7%. Bonus programs and certain other employee benefits were also substantially reduced, beginning in 2009.

Newsprint and ink costs decreased $7,603,000, or 36.8%, in the 2010 Quarter due to decreased usage from less advertising, reduced page sizes and some reduction of content, as well as lower average unit prices. Volume decreased 12.7%. See Item 3, “Commodities”, included herein, for further discussion and analysis of the impact of newsprint on our business.

Other operating expenses, which are comprised of all operating costs not considered to be compensation, newsprint, depreciation, amortization, or unusual matters, decreased $3,078,000, or 4.9%, in the 2010 Quarter. Most categories of such costs declined.

Reductions in staffing resulted in workforce adjustment costs totaling $290,000 and $2,351,000 in the 2010 Quarter and 2009 Quarter, respectively.

We are engaged in various efforts to continue to reduce our operating expenses in 2010 and beyond. We expect operating expenses, excluding depreciation, amortization and unusual matters, to decline approximately 9.0% in 2010.

Results of Operations

As a result of the factors noted above, operating cash flow increased 16.2% in the 2010 Quarter compared to the 2009 Quarter. Operating cash flow margin increased to 17.9% from 14.4% in the 2009 Quarter reflecting a smaller percentage decrease in operating revenue than the decrease in operating expenses.

Depreciation expense decreased $1,236,000, or 14.7%, in the 2010 Quarter due to lower levels of capital spending in 2009 and 2008. Amortization expense decreased $785,000, or 6.5%, in the 2010 Quarter due to impairment charges in 2009 and 2008, which reduced the balances of amortizable intangible assets.

In the 13 weeks ended March 28, 2010, we reduced the carrying value of equipment no longer in use by $3,290,000.

Due primarily to the continuing and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill, nonamortized and amortizable intangible assets in the 13 weeks ended December 28, 2008 and March 29, 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment. We recorded deferred income tax benefits related to these charges.

Because of the timing of the determination of impairment and complexity of the calculations required, the amounts recorded in the 13 weeks ended March 29, 2009 were preliminary. The final analysis, which was completed in the 13 weeks ended June 28, 2009, resulted in additional pretax, non-cash charges.

2009 impairment charges and the related income tax benefit are summarized as follows:

	13 Weeks Ended				
(Thousands of Dollars)	December 28 2008	March 29 2009	June 28 2009	September 27 2009	Total
Goodwill	67,781	107,115	18,575	—	193,471
Mastheads	—	17,884	(3,829)	—	14,055
Customer and newspaper subscriber lists	—	18,928	14,920	—	33,848
Property and equipment	2,264	935	—	1,380	4,579
	70,045	144,862	29,666	1,380	245,953
Reduction in investment in TNI	—	9,951	10,000	—	19,951
Income tax benefit	(14,261)	(39,470)	(11,720)	(489)	(65,940)
	55,784	115,343	27,946	891	199,964

In December 2009, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in participant premium cost-sharing and elimination of coverage for certain participants. The changes resulted in non-cash curtailment gains of $31,130,000, will reduce 2010 net periodic postretirement medical cost by $1,460,000 beginning in the 13 weeks ending March 28, 2010, and reduced the benefit obligation liability at December 27, 2009 by $28,750,000.

In March 2010, members of the St. Louis Newspaper Guild voted to approve a new 5.5 year contract, effective April 1, 2010. The new contract eliminated postretirement medical coverage for active employees and defined pension benefits were frozen. The elimination of postretirement medical coverage resulted in non-cash curtailment gains of $11,878,000, which were recognized in the 13 weeks ended March 28, 2010 and reduced the benefit obligation liability at March 28, 2010 by $6,576,000. The freeze of defined pension benefits resulted in non-cash curtailment gains of $2,004,000, which were recognized in the 13 weeks ended March 28, 2010, will reduce 2010 net periodic pension expenses by $668,000 beginning in the 13 weeks ending June 27, 2010, and reduced the benefit obligation liability at March 28, 2010 by $2,004,000.

Increases in employee cost sharing discussed above were treated as negative plan amendments. Curtailment treatment was utilized in situations in which coverage was eliminated. Curtailment gains were calculated by revaluation of plan liabilities after consideration of other plan changes.

Equity in earnings in associated companies increased $929,000 in the 2010 Quarter. Operations of these businesses were similarly impacted by economic conditions. In May 2009, Citizen discontinued print publication of the *Tucson Citizen*. The change resulted in workforce adjustment and transition costs of approximately $1,925,000, of which $1,093,000 was incurred directly by TNI.

The factors noted above resulted in operating income of $26,692,000 in the 2010 Quarter and an operating loss of $146,302,000 in the 2009 Quarter.

Nonoperating Income and Expense

Financial expense decreased $1,388,000, or 8.1%, to $15,643,000 in the 2010 Quarter due to lower debt balances and lower interest rates. Our weighted average cost of debt was 4.97% at the end of the 2010 Quarter compared to 6.02% at the end of the 2009 Quarter.

As more fully discussed in Note 4 of the Notes to Consolidated Financial Statements, included herein, amendments to our Credit Agreement consummated in 2009 increased financial expense in 2009 in relation to LIBOR. We are now subject to minimum LIBOR levels, which are currently in excess of actual LIBOR. The maximum rate has been

increased to the LIBOR minimum plus 450 basis points, and we could also be subject to additional non-cash payment-in-kind interest if leverage increases above specified levels. At the March 2010 leverage level, our debt under the Credit Agreement will be priced at the applicable LIBOR minimum plus 300 basis points and no payment-in-kind interest will be incurred. The interest rate on the Pulitzer Notes increased 1% to 9.05% in February 2009, until April 2010. The interest rate will increase by 0.5% per year thereafter.

Overall Results

We recognized income tax expense of 67.7% of income from continuing operations before income taxes in the 2010 Quarter and income tax benefit of 36.8% of loss from continuing operations before income taxes in the 2009 Quarter.

In March 2010, as a result of the Affordable Care Act enacted at that time, we wrote off $2,012,000 of deferred income tax assets due to the loss of future tax deductions for providing retiree prescription drug benefits. Deferred income tax expense related to curtailment gains also increased the effective tax rate in the 2010 Quarter. The valuation allowance for deferred income tax assets decreased $17,182,000 in the 2009 Quarter.

As more fully discussed in Note 10 to the Notes to Consolidated Financial Statements, included herein, the Operating Agreement provided Herald a one-time right to require PD LLC to redeem its interest in PD LLC, together with its interest, if any, in DS LLC (the 2010 Redemption). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008. In 2009, we accrued increases in the liability totaling $1,466,000, which increased loss available to common stockholders. The present value of the 2010 Redemption in February 2009, was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the Herald Value) will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjusted, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in February 2009 as an estimate of the amount of the Herald Value to be disbursed. The determination of the amount of the Herald Value was based on an estimate of fair value using both market and income-based approaches. The actual amount of the Herald Value at the date of settlement will depend on such var iables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption.

The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, in February 2009 we reversed substantially all of our liability related to the 2010 Redemption. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

As a result of the factors noted above, income attributable to Lee Enterprises, Incorporated totaled $2,991,000 in the 2010 Quarter compared to a loss of $51,757,000 in the 2009 Quarter. We recorded earnings per diluted common share of $0.07 in the 2010 Quarte r and a loss per diluted common share of $1.16 in the 2009 Quarter. Excluding unusual matters, as detailed in the table below, diluted earnings per common share, as adjusted, were $0.04 in the 2010 Quarter, compared to a loss per common share, as adjusted, of $0.07 in the 2009 Quarter. Per share amounts may not add due to rounding.

	13 Weeks Ended			
	March 28 2010		March 29 2009	
(Thousands of Dollars, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income (loss) attributable to Lee Enterprises, Incorporated, as reported	2,991	0.07	(51,757)	(1.16)
Adjustments:				
Impairment of goodwill and other assets, including TNI	3,290		154,813	
Curtailment gains	(13,882)		—	
Debt financing costs	1,972		12,927	
Other, net	306		2,443	
	(8,314)		170,183	
Income tax effect of adjustments, net, and other unusual tax items	5,223		(63,261)	
Income tax adjustment related to Affordable Care Act	2,012		—	
	(1,079)	(0.02)	106,922	2.41
Income attributable to Lee Enterprises, Incorporated, as adjusted	1,912	0.04	55,165	1.24
Change in redeemable non-controlling interest liability	—	—	(58,094)	(1.31)
Net income (loss) attributable to Lee Enterprises, Incorporated, as adjusted	1,912	0.04	(2,929)	(0.07)

Table of Contents

26 WEEKS ENDED MARCH 28, 2010

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

(Thousands of Dollars, Except Per Share Data)	26 Weeks Ended March 28 2010	March 29 2009	Percent Change
Advertising revenue:			
Retail	168,315	192,787	(12.7)
Classified:			
Daily newspapers:			
Employment	9,899	15,099	(34.4)
Automotive	12,284	16,104	(23.7)
Real estate	12,135	15,440	(21.4)
All other	21,691	19,992	8.5
Other publications	13,248	15,909	(16.7)
Total classified	69,257	82,544	(16.1)
Online	21,963	21,540	2.0
National	19,379	22,442	(13.6)
Niche publications	6,051	6,799	(11.0)
Total advertising revenue	284,965	326,112	(12.6)
Circulation	90,133	94,642	(4.8)
Commercial printing	5,627	6,511	(13.6)
Online services and other	14,857	15,134	(1.8)
Total operating revenue	395,582	442,399	(10.6)
Compensation	161,433	178,778	(9.7)
Newsprint and ink	25,754	45,818	(43.8)
Other operating expenses	121,270	132,821	(8.7)
Workforce adjustments	687	3,189	(78.5)
	309,144	360,606	(14.3)
Operating cash flow	86,438	81,793	5.7
Depreciation and amortization	37,162	40,899	(9.1)
Impairment of goodwill and other assets	3,290	214,907	(98.5)
Curtailment gains	45,012	—	NM
Equity in earnings of associated companies	3,466	3,412	1.6
Reduction of investment in TNI	—	9,951	NM
Operating income (loss)	94,464	(180,552)	NM
Non-operating expense, net	(39,216)	(46,323)	(15.3)
Income (loss) before income taxes	55,248	(226,875)	NM
Income tax expense (benefit)	24,309	(69,523)	NM
Income (loss) from continuing operations	30,939	(157,352)	NM
Discontinued operations, net	—	(5)	NM
Net income (loss)	30,939	(157,357)	NM
Net income (loss) attributable to non-controlling interests	42	132	(68.2)
Decrease in redeemable non-controlling interest	—	57,055	NM
Income (loss) attributable to Lee Enterprises, Incorporated	30,897	(100,434)	NM
Other comprehensive income, net	(8,541)	11,076	NM
Comprehensive income (loss)	22,356	(89,358)	NM
Income (loss) from continuing operations attributable to Lee Enterprises, Incorporated	30,897	(100,429)	NM
Earnings (loss) per common share attributable to Lee Enterprises, Incorporated:			
Basic	0.69	(2.26)	NM
Diluted	0.69	(2.26)	NM

References to the 2010 Period refer to the 26 weeks ended March 28, 2010. Similarly, references to the 2009

Period refer to the 26 weeks ended March 29, 2009. Revenue, as reported, and same property revenue are the same as there were no acquisitions or divestitures in 2010 or 2009.

For the 2010 Period, total operating revenue decreased $46,817,000, or 10.6%, compared to the 2009 Period. A small, but growing, number of our enterprises have begun to report positive year-over-year revenue. While still negative year-over-year, advertising revenue trends improved in each month of the 2010 Period from the 2009 Period.

Advertising Revenue

In the 2010 Period, advertising revenue decreased $41,147,000, or 12.6%. On a combined basis, print and online retail advertising decreased 11.4%. Print retail revenue decreased $24,472,000, or 12.7%, in the 2010 Period. A 9.0% decrease in daily newspaper retail advertising lineage contributed to the overall decrease. Average retail rates, excluding preprint insertions, decreased 10. 2% in the 2010 year to date period. Retail preprint insertion revenue decreased 6.8%. Online retail advertising increased 12.5%, partially offsetting print declines.

The table below combines print and online advertising revenue and reclassifies certain print revenue reported as retail to classified based on the primary business of the advertiser:

	26 Weeks Ended		
(Thousands of Dollars)	March 28 2010	March 29 2009	Percent Change
Retail	175,504	198,126	(11.4)
Classified:			
Employment	16,219	23,411	(30.7)
Automotive	19,996	23,813	(16.0)
Real estate	16,245	20,174	(19.5)
Other	30,846	30,959	(0.4)
Total classified revenue	83,306	98,357	(15.3)

On a combined basis, print and online classified revenue decreased 15.3%. Print classified advertising revenue decreased $13,287,000, or 16.1%, in the 2010 Period. Higher rate print employment advertising in our daily newspapers decreased 34.4%, reflecting high unemployment nationally. Print automotive advertising decreased 23.7% amid an industry-wide sales decline. Print real estate advertising decreased 21.4% in a weak housing market nationally, which also negatively impacted the home improvement, furniture and home electronics categories of retail revenue. Other daily newspaper print classified advertising increased 8.5%. Classified advertising rates decreased 11.3%. Online classified advertising decreased 10.1%.

Advertising lineage, as reported for our daily newspapers only, consists of the following:

	26 Weeks Ended		
(Thousands of Inches)	March 28 2010	March 29 2009	Percent Change
Retail	5,240	5,760	(9.0)
National	271	259	4.6
Classified	5,278	5,665	(6.8)
	10,789	11,684	(7.7)

On a standalone basis, online advertising revenue increased 2.0% in the 2010 Period. Year-over-year total online advertising turned positive in the month of December 2009.

National advertising decreased $3,063,000, or 13.6%, due to a 4.6% increase in lineage offset by a 22.6% decrease in average national rate. Advertising in niche publications decreased 11.0%.

Despite declines in advertising revenue, our total advertising results have historically benchmarked favorably to industry averages reported by the Newspaper Association of America.

Circulation and Other Revenue

Circulation revenue decreased $4,509,000, or 4.8%, in the 2010 Period. Our average daily newspaper circulation units, including TNI and MNI, measured by the Audit Bureau of Circulations, or other independent organizations, decreased 4.8% and Sunday circulation decreased 4.1% for the 2010 Period, compared to the 2009 Period. Research in our larger markets indicates we are reaching an increasingly larger audience in these markets through the combination of [stable] newspaper r eadership relative to our peers and online growth.

Commercial printing revenue decreased $884,000, or 13.6%, in the 2010 Period. Online services and other revenue decreased $277,000, or 1.8%, in the 2010 Period.

Operating Expenses

Costs other than depreciation, amortization, impairment charges and other unusual matters decreased $48,960,000, or 13.7%, in the 2010 Period, and decreased $53,007,000, or 15.2%, on a same property basis.

Compensation expense decreased $17,345,000, or 9.7%, in the 2010 Period, driven by a decline in average full time equivalent employees of 10.7%. Bonus programs and certain other employee benefits were also substantially reduced, beginning in 2009.

Newsprint and ink costs decreased $20,064,000, or 43.8%, in the 2010 Period due to decreased usage from less advertising, reduced page sizes and some reduction of content, as well as lower average unit prices. Volume decreased 18.8%. See Item 3, “Commodities”, included herein, for further discussion and analysis of the impact of newsprint on our business.

Other operating expenses, which are comprised of all operating costs not considered to be compensation, newsprint, depreciation, amortization, or unusual matters, decreased $11,551,000, or 8.7%, in the 2010 Period. Most categories of such costs declined.

Reductions in staffing resulted in workforce adjustment costs totaling $687,000 and $3,189,000 in the 2010 Period and 2009 Period, respectively.

We are engaged in various efforts to continue to reduce our operating expenses in 2010 and beyond. We expect operating expenses, excluding depreciation, amortization and unusual matters, to decline approximately 9.0% in 2010.

Results of Operations

As a result of the factors noted above, operating cash flow increased 5.7% in the 2010 Period compared to the 2009 year to date period. Operating cash flow margin increased to 21.9% from 18.5% in the 2009 Period reflecting a smaller percentage decrease in operating revenue than the decrease in operating expenses.

Depreciation expense decreased $2,169,000, or 13.0%, in the 2010 Period due to lower levels of capital spending in 2009 and 2008. Amortization expense decreased $1,568,000, or 6.5%, in the 2010 Period due to impairment charges in 2009 and 2008, which reduced the balances of amortizable intangible assets.

In the 13 weeks ended March 28, 2010, we reduced the carrying value of equipment no longer in use by $3,290,000.

Due primarily to the continuing and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill, nonamortized and amortizable intangible assets in the 13 weeks ended December 28, 2008 and March 29, 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment. We recorded deferred income tax benefits related to these

charges.

Because of the timing of the determination of impairment and complexity of the calculations required, the amounts recorded in the 26 weeks ended March 29, 2009 were preliminary. The final analysis, which was completed in the 26 weeks ended June 28, 2009, resulted in additional pretax, non-cash charges.

2009 impairment charges and the related income tax benefit are summarized as follows:

	13 Weeks Ended				
(Thousands of Dollars)	December 28 2008	March 29 2009	June 28 2009	September 27 2009	Total
Goodwill	67,781	107,115	18,575	—	193,471
Mastheads	—	17,884	(3,829)	—	14,055
Customer and newspaper subscriber lists	—	18,928	14,920	—	33,848
Property and equipment	2,264	935	—	1,380	4,579
	70,045	144,862	29,666	1,380	245,953
Reduction in investment in TNI	—	9,951	10,000	—	19,951
Income tax benefit	(14,261)	(39,470)	(11,720)	(489)	(65,940)
	55,784	115,343	27,946	891	199,964

In December 2009, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in participant premium cost-sharing and elimination of coverage for certain participants. The changes resulted in non-cash curtailment gains of $31,130,000, will reduce 2010 net periodic postretirement medical cost by $1,460,000 beginning in the 13 weeks ending March 28, 2010, and reduced the benefit obligation liability at December 27, 2009 by $28,750,000.

In March 2010, members of the St. Louis Newspaper Guild voted to approve a new 5.5 year contract, effective April 1, 2010. The new contract eliminated postretirement medical coverage for active employees and defined pension benefits were frozen. The elimination of postretirement medical coverage resulted in non-cash curtailment gains of $11,878,000, which were recognized in the 13 weeks ended March 28, 2010, and reduced the benefit obligation liability at March 28, 2010 by $6,576,000. The freeze of defined pension benefits resulted in non-cash curtailment gains of $2,004,000, which were recognized in the 13 weeks ended March 28, 2010, will reduce 2010 net periodic pension expenses by $668,000 beginning in the 13 weeks ending June 27, 2010, and reduced the benefit obligation liability at March 28, 2010 by $2,004,000.

Increases in employee cost sharing discussed above were treated as negative plan amendments. Curtailment treatment was utilized in situations in which coverage was eliminated. Curtailment gains were calculated by revaluation of plan liabilities after consideration of other plan changes.

Equity in earnings in associated companies increased $54,000, or 1.6%, in the 2010 Period. Operations of these businesses were similarly impacted by economic conditions. In May 2009, Citizen discontinued print publication of the *Tucson Citizen*. The change resulted in workf orce adjustment and transition costs of approximately $1,925,000, of which $1,093,000 was incurred directly by TNI.

The factors noted above resulted in operating income of $94,464,000 in the 2010 Period and an operating loss of $180,552,000 in the 2009 Period.

Nonoperating Income and Expense

Financial expense increased $332,000, or 0.9%, to $35,448,000 in the 2010 Period due primarily to termination of an interest rate swap. Our weighted average cost of debt was 4.97% at the end of the 2010 Period compared to 6.02% at the end of the 2009 Period.

As more fully discussed in Note 4 of the Notes to Consolidated Financial Statements, included herein, amendments to our Credit Agreement consummated in 2009 increased financial expense in 2009 in relation to LIBOR. We are now subject to minimum LIBOR levels, which are currently in excess of actual LIBOR. The maximum rate has been

increased to the LIBOR minimum plus 450 basis points, and we could also be subject to additional non-cash payment-in-kind interest if leverage increases above specified levels. At the March 2010 leverage level, our debt under the Credit Agreement will be priced at the applicable LIBOR minimum plus 300 basis points and no payment-in-kind interest will be incurred. The interest rate on the Pulitzer Notes increased 1% to 9.05% in February 2009, until April 2010. The interest rate will increase by 0.5% per year thereafter.

Overall Results

We recognized income tax expense of 44.0% of income from continuing operations before income taxes in the 2010 Period and income tax benefit of 30.6% of loss from continuing operations before income taxes in the 2009 Period.

In March 2010, as a result of the Affordable Care Act enacted at that time, we wrote off $2,012,000 of deferred income tax assets due to the loss of future tax deductions for providing retiree prescription drug benefits. Deferred income tax expense related to curtailment gains also increased the effective tax rate in the 2010 Quarter. The valuation allowance for deferred income tax assets decreased $16,030,000 in the 2009 Period.

As more fully discussed in Note 10 to the Notes to Consolidated Financial Statements, included herein, the Operating Agreement provided Herald a one-time right to require PD LLC to redeem its interest in PD LLC, together with its interest, if any, in DS LLC (the 2010 Redemption). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008. In 2009, we accrued increases in the liability totaling $1,466,000, which increased loss available to common stockholders. The present value of the 2010 Redemption in February 2009, was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the Herald Value) will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjusted, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in February 2009 as an estimate of the amount of the Herald Value to be disbursed. The determination of the amount of the Herald Value was based on an estimate of fair value using both market and income-based approaches. The actual amount of the Herald Value at the date of settlement will depend on such var iables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption.

The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, in February 2009 we reversed substantially all of our liability related to the 2010 Redemption. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

As a result of the factors noted above, income attributable to Lee Enterprises, Incorporated totaled $30,897,000 in the 2010 Period compared to a loss of $100,434,000 in the 2009 Period. We recorded earnings per diluted common share of $0.69 in the 2010 Period and a loss per diluted common share of $2.26 in the 2009 Period. Excluding unusual matters, as detailed in the table below, diluted earnings per common share, as adjusted, were $0.30 in the 2010 Period, compared to $0.17 in the 2009 Period. Per share amounts may not add due to rounding.

	26 Weeks Ended			
	March 28 2010		March 29 2009	
(Thousands of Dollars, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income (loss) attributable to Lee Enterprises, Incorporated, as reported	30,897	0.69	(100,434)	(2.26)
Adjustments:				
Impairment of goodwill and other assets, including TNI	3,290		224,858	
Curtailment gains	(45,012)		—	
Debt financing costs	3,967		14,850	
Other, net	1,095		2,665	
	(36,660)		242,373	
Income tax effect of adjustments, net, and other unusual tax items	17,013		(77,131)	
Income tax adjustment related to Affordable Care Act	2,012		—	
	(17,635)	(0.40)	165,242	3.72
Income attributable to Lee Enterprises, Incorporated, as adjusted	13,262	0.30	64,808	1.46
Change in redeemable non-controlling interest liability	—	—	(57,055)	(1.28)
Net income attributable to Lee Enterprises, Incorporated, as adjusted	13,262	0.30	7,753	0.17

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash provided by operating activities of continuing operations was $50,519,000 in the 2010 Period and $33,643,000 in the 2009 Period. Operating income substantially improved in the 2010 Period. Depreciation and amortization decreased as discussed under “Results of Operations” above. In the 2010 Period, we also recognized non-cash curtailment gains totaling $45,012,000. Operating losses in the 2009 Period were caused primarily by non-cash charges for impairment of goodwill and other assets, net of the related deferred income tax benefit. The net change in all of the aforementioned factors accounted for the majority of the increase in cash provided between periods. Changes in deferred income taxes, operating assets and liabilities and the timing of income tax payments accounted for the bulk of the remainder of the change in cash provided in both periods.

Investing Activities

Cash required for investing activities totaled $3,934,000 in the 2010 Period and cash provided from investing activities totaled $114,466,000 in the 2009 Period. Capital spending totaled $4,806,000 in the 2010 Period and $8,398,000 in the 2009 Period and accounted for substantially all of the net usage of funds in the 2010 Period. We liquidated $120,000,000 of our restricted cash and investments in the 2009 Period in order to fund a $120,000,000 reduction in the balance of the Pulitzer Notes.

We anticipate that funds necessary for capital expenditures, which are expected to total between $11,000,000 and $13,000,000 in 2010, and other requirements, will be available from internally generated funds, or availability under our existing Credit Agreement. The 2009 Amendments, as more fully discussed in Note 4 to the Consolidated Financial Statements, included herein, limit capital expenditures to $29,300,000 in 2010.

Financing Activities

Cash required for financing activities totaled $34,470,000 in the 2010 Period and $157,331,000 in the 2009 Period. Debt reduction accounted for the majority of the usage of funds in both periods. The final dividend declared in 2008 was paid in the 2009 Period, as were certain financing costs related to the 2009 Amendments.

The 2009 Amendments require us to suspend stockholder dividends and share repurchases through April 2012.

Liquidity

We expect to utilize a portion of our capacity under our revolving credit facility to fund part of 2010 principal payments required under the Credit Agreement. At March 28, 2010, we had $297,425,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments and letters of credit, have approximately $63,154,000 available for future use. Including cash and restricted cash, our liquidity at March 28, 2010 totals $92,547,000. This liquidity amount excludes any future cash flows. Remaining mandatory principal payments on debt in 2010 total $34,000,000. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows. We expect all remaining interest payments and substantially all principal payments due in 2010 will be satisfied by our continuing cash flows.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed. We are in compliance with our debt covenants at March 28, 2010.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control, and the control of Pulitzer, and PD LLC, respectively. The occurrence of one or more events of default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

The 2010 Redemption, as discussed more fully in Note 10 to the Consolidated Financial Statements, included herein, eliminated the potential requirement for a substantial cash outflow in April 2010. This event also substantially

enhanced our liquidity.

CHANGES IN LAWS AND REGULATIONS

The Affordable Care Act was enacted into law in March 2010. As a result, in March 2010, we wrote off $2,012,000 of deferred income tax assets due to the loss of future tax deductions for providing retiree prescription drug benefits.

We expect the Affordable Care Act will be supported by a substantial number of underlying regulations, many of which have not been issued. Accordingly, a complete determination of the impact of the Affordable Care Act cannot be made at this time. However, we expect our future health care costs to increase more rapidly based on analysis recently completed by the United States Department of Health and Human Services, input from independent advisors, and our understanding of various provisions of the Affordable Care Act that differ from our current medical plans, such as:

- Higher maximum age for dependent coverage;
- Elimination of lifetime benefit caps; and,
- Free choice vouchers for certain lower income employees.

Administrative costs are also likely to increase as a result of new compliance reporting. New costs being imposed on other medical care businesses, such as health insurers, pharmaceutical companies and medical device manufacturers, may be passed on to us in the form of higher costs. We may be able to mitigate certain of these future cost increases through changes in plan design.

We do not expect the Affordable Care Act will have a significant impact on our postretirement medical benefit obligation liability.

INFLATION

Price increases (or decreases) for our products 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.

Energy costs have become more volatile, and may increase in the future as a result of carbon emissions legislation currently under consideration in the United States Congress or under regulations being developed by the United States Environmental Protection Agency.

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

Restricted Cash and Investments

Interest rate risk in our restricted cash and investments is managed by investing only in short-term securities. Only U.S. Government and related securities are permitted.

Debt

Our debt structure and interest rate risk are managed through the use of fixed and floating rate debt. Our primary exposure is to LIBOR. A 100 basis point increase or decrease to LIBOR would, in theory, decrease or increase, respectively, income from continuing operations before income taxes on an annualized basis by approximately $9,640,000, based on $964,031,000 of floating rate debt outstanding at March 28, 2010.

Our debt under the Credit Agreement is subject to minimum interest rate levels of 1.25%, 2.0% and 2.5% for

borrowings for one month, three month and six month periods, respectively. At March 28, 2010, all of our outstanding debt under the Credit Agreement is based on one month borrowing. Based on the difference between interest rates at the end of April 2010 and our minimum rate for one month borrowing, 30 day LIBOR would need to increase approximately 100 basis points before our borrowing cost would begin to be impacted by an increase in interest rates.

As of November 30, 2009, the full amount of the outstanding balance under the Credit Agreement became subject to floating interest rates, as all interest rate swaps and collars expired or were terminated at or prior to that date. We regularly evaluate alternatives to hedge the related interest rate risk.

Certain of our interest-earning assets, including those in employee benefit plans, also function as a natural hedge against fluctuations in interest rates on debt.

COMMODITIES

Certain materials used by us are exposed to commodity price changes. We manage this risk through instruments such as purchase orders and non-cancelable supply contracts. We are a participant in a buying cooperative with other publishing companies, primarily for acquisition of newsprint. We are also involved in continuing programs to mitigate the impact of cost increases through identification of sourcing and operating efficiencies. Primary commodity price exposures are newsprint and, to a lesser extent, ink and energy costs.

Significant declines in North American newsprint demand led to an approximate 45% price decline between December 2008 and August 2009. 2009 declines in newsprint demand were driven by the recessionary pressures on print advertising as well as noteworthy newsprint conservation programs, particularly newspaper page size reductions, initiated in 2008. The 2009 demand decline outpaced the North American newsprint suppliers' ability to reduce newsprint production, which led to excess inventories at both the producer and publisher levels. Most newsprint producers reported late summer 2009 transaction selling prices to be below cash operating costs. This operating loss position, along with the move of the largest North American newsprint producer, AbitibiBowater Inc., and White Birch Paper Holding Company to seek financial reorganization, has sparked several monthly price increase announcements, beginning in September 2009 and continuing through June 2010, certain of which have since been delayed or rescinded. Some North American newsprint producers have removed production capacity on a permanent basis in addition to idling excess capacity on an indefinite, but temporary basis, in an effort to balance capacity with current demand trends and support the announced price increases and their return to a positive cash flow position. The final extent of changes in price, if any, is subject to negotiation between newsprint producers and us.

A $10 per tonne price increase for 30 pound newsprint would result in an annualized reduction in income before income taxes of approximately $981,000 based on anticipated consumption in 2010, excluding consumption of MNI and TNI and the impact of LIFO accounting. Such prices may also decrease. We substantially increased our supply of newsprint in 2009, which may help to mitigate the impact of future price increases.

SENSITIVITY TO CHANGES IN VALUE

Our fixed rate debt consists of the Pulitzer Notes, which are not traded on an active market and are held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists we are unable, as of March 28, 2010, to measure the maximum potential impact on fair value of fixed rate debt from adverse changes in market interest rates under normal market conditions. The change in value, if determined, would likely be significant.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision of 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 Securities Exchange Act of 1934, as amended (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 its consolidated subsidiaries,

required to be disclosed in our Securities and Exchange Commission ("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 March 28, 2010 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.

In 2008, a group of newspaper carriers filed suit against us in the United States District Court for the Southern District of California, claiming to be employees and not independent contractors of ours. The plaintiffs seek relief related to violation of various employment-based statutes, and request punitive damages and attorneys' fees. The suit is in the discovery stage and an initial decision by the judge regarding class certification is expected in 2010. At this time we are unable to predict whether the ultimate economic outcome, if any, could have a material effect on our Consolidated Financial Statements, taken as a whole. We deny the allegations of employee status, consistent with our past practices and industry practices and intend to vigorously contest the action, which is not covered by insurance.

Item 2(c). Issuer Purchases of Equity Securities

During the 13 weeks ended March 28, 2010, we purchased shares of Common Stock, as noted in the table below, in transactions with participants in our 1990 Long-Term Incentive Plan. The transactions resulted from the withholding of shares to pay the exercise price for taxes related to the vesting of restricted Common Stock.

Month(s)	Shares Purchased	Average Price Per Share
March	347	3.57

Item 4. Other Information

The Annual Meeting of Stockholders of the Company was held on February 17, 2010. Mary E. Junck, Andrew E. Newman and Gordon D. Prichett were elected as directors for three-year terms expiring at the 2013 annual meeting.

Votes were cast for nominees for director as follows:

	For	**Withheld**	**Broker Non-Votes**
Mary E. Junck	60,346,627	2,533,953	12,718,915
Andrew E. Newman	59,723,693	3,156,887	12,718,915
Gordon D. Prichett	61,376,463	1,504,117	12,718,915

The stockholders ratified the Audit Committee of the Board of Director's appointment of KPMG LLP to serve as the independent registered public accounting firm to audit our financial statements for 2010 and votes were cast as follows:

	For	Against	Abstain	Broker Non-Votes
Ratify Selection of KPMG LLP	74,186,592	465,789	947,114	—

The stockholders approved adoption of our Amended and Restated 1996 Stock Plan for Non-Employee Directors effective February 17, 2010, and votes were cast as follows:

	For	Against	Abstain	Broker Non-Votes
Amend and Restate the 1996 Stock Plan for Non-Employee Directors	53,512,955	9,281,808	83,817	12,720,915

The stockholders approved adoption of our Amended and Restated 1990 Long-Term Incentive Plan effective January 6, 2010, and votes were cast as follows:

	For	Against	Abstain	Broker Non-Votes
Amend and Restate the 1990 Long-Term Incentive Plan	53,638,319	9,119,430	122,831	12,718,915

Item 6. Exhibits

Number	Description
10.1	Amended and Restated Lee Enterprises, Incorporated 1996 Stock Plan for Non-Employee Directors, Effective February 17, 2010
10.2	Amended and Restated Lee Enterprises, Incorporated, 1990 Long-Term Incentive Plan, (Effective October 1, 1999, as amended effective January 6, 2010)
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/ Carl G. Schmidt May 12, 2010

Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED LEE ENTERPRISES, INCORPORATED
1996 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS
Effective February 17, 2010

1. Purposes

The purpose of the Amended and Restated 1996 Stock Plan for Non-Employee Directors (the “Plan”) of Lee Enterprises, Incorporated (the “Company”) is to promote the interests of the Company and its stockholders by (i) encouraging non-employee directors to own shares of the Company's Common Stock and thereby link their interests more closely with the interests of the other stockholders of the Company; (ii) attracting and retaining non-employee directors of outstanding ability; (iii) providing incentive compensation opportunities which are competitive with those of other major corporations; and (iv) enabling such directors to participate in the long-term growth and financial success of the Company.

2. Definitions

The following definitions shall be applicable throughout the Plan:

“Administrator” - means the Chief Executive Officer of the Company.

“Award” - means a grant of Common Stock under Section 7 of the Plan.

“Board of Directors” - means the Board of Directors of the Company.

“Cash Compensation” - means annual retainer, fees payable for serving as Chairman of the Board of Directors or of a committee of the Board or for attending any meetings of the Board or any committee thereof, per diem consultation fees or other compensation payable as a non-employee director of the Company.

“Code” - means the Internal Revenue Code of 1986 as amended from time to time.

“Common Stock” - means the common stock of Lee Enterprises, Incorporated, $2.00 par value.

“Company” - means Lee Enterprises, Incorporated, a Delaware corporation, including any and all subsidiaries.

“Exchange Act” - means the Securities Exchange Act of 1934 as amended from time to time.

“Participant” - means a non-employee director of the Company who has been granted an Award.

3. Effective Date and Duration of the Plan

The Plan shall become effective upon approval by the Company's stockholders at the Annual Meeting of Stockholders to be held on February 17, 2010 or any adjournment thereof. The Plan shall terminate at such time as may be determined by the Administrator, and no Awards shall be granted after such termination.

4. Administration

(a) Administrator. The Plan shall be administered by the Administrator subject to the restrictions set forth in the Plan. Before any Awards are granted, the Administrator may require Participants to execute any agreements that the Administrator, in his or her discretion, shall reasonably require.

(b) Powers. Subject to the provisions of the Plan, the Administrator shall have the full power, discretion, and authority to interpret and administer the Plan in a manner which is consistent with the Plan's provisions, but shall have no authority with respect to the selection of directors to receive awards, the number of shares subject to the Plan or each grant thereunder, or the price or timing of Awards to be made except as provided in Section 9. The Administrator shall have no authority to increase materially the benefits under the Stock Plan.

(c) Decisions Binding. All determinations and decisions made by the Administrator according to the provisions of the Plan shall be final, conclusive and binding on all persons, including the Participants, their estates and beneficiaries, and the Company and it stockholders and employees.

5. Common Stock Awards; Shares Subject to the Plan

(a) Stock Grant Limit. Awards will be granted to Participants in the Plan in accordance with the provisions of Section 7 below. Subject to Section 8 below, the aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed 306,693 shares. Shares of Common Stock shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an Award.

(b) Stock Offered. The Common Stock to be granted constituting an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Company.

6. Eligibility

Awards may be granted only to directors of the Company who, at the time of grant, are not employees of the Company or of any subsidiary of the Company.

7. Common Stock Awards

(a) Annual Awards of Common Stock. Beginning on June 1, 2010, and annually on the first business day of June of each year thereafter, each Participant shall automatically be granted an Award of 10,000 shares of Common Stock (the “Annual Award”), as adjusted according to Sections 7(c) and 8 below. A Participant who is elected by the Board of Directors to fill a vacancy or newly created directorship between annual meetings of stockholders shall automatically receive an Annual Award on the earlier of the first business day of the fourth month a fter taking office or the last business day of the year in which he or she took office, provided, however, that any Participant who is elected to the Board of Directors to fill such a vacancy shall receive only one Annual Award per fiscal year.

(b) Payment for Stock. A Participant shall not be required to make any payment for Common Stock received pursuant to this Plan, except to the extent otherwise required by law.

(c) Fair Market Value. Notwithstanding subsection (a) above, the fair market value of an Annual Award based on the closing price on the Date of Grant made under this Section shall not exceed the annual cash retainer payable to the Participant by the Company.

(d) Holding Requirement. Any Annual Award made under this Section shall be held by such Participant for a minimum of ten (10) years, unless such Participant retires, resigns or dies while holding the position of director prior to satisfying this holding requirement.

8. Change in Capital Structure

In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distributions to the holders of Common Stock other than cash dividends, the Administrator shall make such substitution or adjustment, if any, as he or she deems to be equitable to accomplish fairly the purposes of the Plan and to preserve the intended benefits of the Plan to the Participants and the Company, as to the number, including the number specified in Section 5(a) above, or kind of shares of Common Stock or other securities issued or reserved for issuance pursuant to the Plan, including the number of outstanding shares of Common Stock.

9. Amendment, Modification and Termination

The Administrator may amend, suspend or terminate the Plan as he or she shall deem advisable or to comply with changes in the Code, the Employee Retirement Income Security Act of 1974, or the rules thereunder, but may not amend the Plan without further approval of the stockholders if such approval is required by law. Adjustments shall be made in the number and kind of shares subject to the Plan as provided in Section 8 above.

10. Miscellaneous

(a) No Right to an Award. Neither the adoption of the Plan or any action of the Administrator shall be deemed to give a director a right to an Award or any other rights hereunder except as may be evidenced by an Award duly executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth herein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the payment of any Award.

(b) No Employment Rights Conferred. Nothing contained in the Plan shall (i) confer upon any director any right with respect to continuation of service or nomination for reelection as a director with the Company or (ii) interfere in any way with the right to remove a director from office at any time for cause as provided in the Company's Restated Certificate of Incorporation.

(c) Other Laws; Withholding. The Company shall not be obligated to issue any shares of Common Stock until there has been compliance with such laws and regulations as the Company may deem applicable. No fractional shares of Common Stock shall be delivered. The Company shall have the right to collect cash from Participants in an amount necessary to satisfy any federal, state or local withholding tax requirements. A Participant may elect to satisfy tax withholding requirements, in whole or in part, by having the Company withhold shares of Common Stock to s atisfy the amount of taxes required to be withheld.

(d) Severability. If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(e) Additional Compensation. Shares of Common Stock granted under the Plan shall be in addition to any Cash Compensation payable to a Participant as a result of his or her service as a non-employee director of the Company.

(f) Requirements of Law. The granting of Awards under the Plan shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

(g) Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to conflict of law principles.

(h) Securities Law Compliance. With respect to any Participant subject to Section 16 of the Exchange Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act, regardless of whether the conditions are expressly set forth in the Plan. To the extent any provision of the Plan or action by the Administrator fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Administrator.

AMENDED AND RESTATED LEE ENTERPRISES, INCORPORATED
1990 LONG-TERM INCENTIVE PLAN
(Effective October 1, 1999,
As amended effective December 16, 2009)

Section 1: GENERAL PROVISIONS

1.1 Purposes

The purposes of the 1990 Long-Term Incentive Plan, as amended, restated and extended (the “Plan”) of Lee Enterprises, Incorporated (the “Company”) are to promote the interests of the Company and its stockholders by (i) attracting and retaining executives and other key employees of outstanding ability; (ii) strengthening the Company's capability to develop, maintain and direct a competent management team; (iii) motivating executives and other key employees, by means of performance-related incentives, to achieve longer-range performance goals; (iv) providing incentive compensation opportunities which are competitive with those of other major corporations; and (v) enabling such employees to participate in the long-term growth and financial success of the Company.

1.2 Definitions

“Affiliate” - means any corporation or other entity (i) which is not a Subsidiary but as to which the Company possesses a direct or indirect ownership interest and has representation on the board of directors or any similar governing body; and (ii) which is designated by the Board of Directors as an “Affiliate” for purposes of this Plan.

“Award” - means a grant or award under Sections 2 through 3, inclusive, of the Plan.

“Board of Directors” - means the board of directors of the Company.

“Code” - means the Internal Revenue Code of 1986 as amended from time to time.

“Committee” - means the Executive Compensation Committee of the Board of Directors.

“Common Stock” - means the Common Stock, $2.00 par value, of the Company, which may be authorized and unissued shares or may be reacquired shares of such Common Stock, together with a Preferred Share Purchase Right.

“Corporation” - means the Company, its divisions, Subsidiaries and Affiliates.

“Class B Common Stock” - means the Class B Common Stock, $2.00 par value, of the Company.

“Common Shares” - means the shares of Common Stock and Class B Common Stock treated as one class.

“Disability Date” - means the date on which a Participant is deemed disabled under the employee benefit plans of the Corporation applicable to the Participant.

“Employee” - means any key employee of the Corporation.

“Fair Market Value” - means, as the Committee shall determine, either (i) the average of the high and low prices of the Common Stock, or (ii) the closing price of the Common Stock, on the date on which it is to be valued hereunder as reported for New York Stock Exchange-Composite Transactions.

"Non-Employee Director" - has the meaning set forth in Rule 16b-3(3)(i) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or any successor definition adopted by the Commission.

"Normal Retirement Date" - has the meaning set forth in the pension or retirement plan of the Corporation applicable to the Participant, or such other date as may be mutually agreed upon in writing by the Committee and the Participant.

"Participant" - means an Employee who is selected by the Committee to receive an Award under the Plan.

"Preferred Share Purchase Right" - means the right to the holders of "Common Stock" issued pursuant to the Plan to purchase from the Company one one-thousandth of a share of Series A Participating Convertible Preferred Stock, without par value, of the Company at a price of $150.00 per one one-thousandth of a Preferred Share, subject to adjustment in a "Change of Control".

"Restricted Period" - means a period of three (3) years, or such other period of years selected by the Committee, during which a grant of Restricted Stock may be forfeited to the Company.

"Restricted Stock" - means shares of Common Stock contingently granted to a Participant under Section 3 of the Plan.

"Stock Appreciation Rights" - shall have the meaning specified in Section 1.6(b).

"Subsidiary" - means any corporation in which the Company possesses directly or indirectly fifty percent (50%) or more of the total combined voting power of all classes of its stock having voting power; provided that with respect to incentive stock options granted hereunder, the term "subsidiary" shall be as defined in Section 425(f) or any successor provision of the Code.

1.3 Administration

The Plan shall be administered by the Committee, which shall at all times consist of three (3) or more members, each of whom shall be a Non-Employee Director. The Committee shall have sole and complete authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time deem advisable, and to interpret the terms and provisions of the Plan. The Committee may delegate to one or more executive officers of the Company the power to make Awards to
Participants who are not executive officers or directors of the Company, provided the Committee shall fix the maximum amount of such Awards for the group and a maximum amount for any one Participant. The Committee's decisions are binding upon all parties.

1.4 Eligibility

All Employees who have demonstrated significant management potential or who have contributed, or are deemed likely to contribute, in a substantial measure to the successful performance of the Corporation, as determined by the Committee, are eligible to be Participants in the Plan.

1.5 Shares Reserved

(a) There shall be reserved for issuance pursuant to the Plan a total of six million two hundred fifty thousand (6,250,000) shares of Common Stock, together with sufficient shares to cover outstanding grants under the Plan as of October 1, 2009. In the event that (i) a stock option expires or is terminated unexercised as to any shares covered thereby, (ii) shares are forfeited for any reason under the Plan, or (iii) shares are tendered as consideration for the exercise of options under Section 2.3 or for withholding of taxes under Section 1.7, such shares shall thereafter be again available for issuance pursuant to the Plan. In the event that a stock option is surrendered for payment pursuant to Section 1.6(b) hereof, the shares covered by the stock option shall n ot thereafter be available for issuance pursuant to the Plan.

(b) In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distributions to common shareholders other than cash dividends, the Committee shall make such substitution or adjustment, if any, as it deems to be equitable to accomplish fairly the purposes of the Plan and to preserve the intended benefits of the Plan to the Participants and the Corporation, as to the number (including the number specified in Section 1.5(a) above) or kind of shares of Common Stock or other securities issued or reserved for issuance pursuant to the Plan, including the number of outstanding stock options, the option p rices thereof, and the number of outstanding Awards of other types.

1.6 Change of Control

(a) Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control:

any stock options and Stock Appreciation Rights outstanding as of the date such Change of Control is determined to have occurred, and which are not then exercisable and vested, shall become fully exercisable and vested to the full extent of the original grant; and

the restrictions and deferral limitations applicable to any Restricted Stock shall lapse, and such Restricted Stock shall become free of all restrictions and become fully vested and transferable to the full extent of the original grant; provided, that, if payment of cash under this paragraph would make a Change of Control transaction ineligible for pooling-of-interests accounting under APB No. 16 that but for such cash payment would otherwise be eligible for such accounting treatment, the Committee shall have the ability to substitute for the cash payable pursuant to this paragraph, Common Stock with a Fair Market Value equal to the cash that would otherwise be payable hereunder.

(b) Notwithstanding any other provision of the Plan to the contrary, during the 60-day period from and after a Change of Control (the “Exercise Period”), unless the Committee shall determine otherwise at the time of grant (or, with respect to Stock Options outstanding as of May 7, 1998, on May 7, 1998), an optionee shall have the right, whether or not the Stock Option is fully exercisable and in lieu of the payment of the exercise price for the shares of Common Stock being purchased under the Stock Option and by giving notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Stock Option to the Company and to receive cash, within 30 days of such notice, in an amount equal to the amount by which the Change of Control Price per share of Common Stock on the date of such election shall exceed the exercise price per share of Common Stock under the Stock Option multiplied by the number of shares of Common Stock granted under the Stock Option as to which the right granted under this Section 1.6(b) shall have been exercised (“Stock Appreciation Rights”). Notwithstanding the foregoing, if any right granted pursuant to this Section 1.6(b) would make a Change of Control transaction ineligible for pooling-of-interests accounting under APB No. 16 that but for the nature of such grant would otherwise be eligible for such accounting treatment, the Committee shall have the ability to substitute for the cash payable pursuant to such right Common Stock with a Fair Market Value equal to the cash that would otherwise be payable hereunder or, if payment of such Common Stock would similarly make such transaction ineligible for pooling of interests accounting,
eliminate such right.

(c) For purposes of the Plan, “Change of Control Price” means the higher of (i) the highest reported sales price, regular way, of a share of Common Stock in any transaction reported on the New York Stock Exchange -- Composite Tape or other national exchange on which such shares are listed or on NASDAQ during the 60-day period prior to and including the date of a Change of Control or (ii) if the Change of Control is the result of a tender or exchange offer or a Business Combination, the highest price per share of Common Stock paid in such tender or exchange offer or Business Combination; provided, however, that in the case of incentive stock options and Stock Appreciation Rights relating to incentive stock options, the Change of Control Price shall be i n all cases the Fair Market Value of the Common Stock on the date such incentive stock option or Stock Appreciation Right is exercised. To the extent that the consideration paid in any such transaction described above consists all or in part of securities or other noncash consideration, the value of such securities or other noncash consideration shall be determined in the sole discretion of the Board.

(d) For purposes of this Plan, a “Change of Control” means:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) ("Beneficial Ownership" of 15% or more of the Common Shares; provided, however, that for purposes of this subsection (i), the following acquisitions [DO NOT?] constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company (D) a ny acquisition by a Person of Beneficial Ownership of less than 25% of the Common Shares if such Person reports, or is required to report such Beneficial Ownership on Schedule 13G under the Exchange Act or Schedule 13D of the Exchange Act (or any comparable or successor report), which Schedule 13D does not state any present intention to (or reserve the right to) hold such Common Shares with the purpose or effect of changing or influencing the control of the Company, nor in connection with or as a participant in any transaction having such purpose or effect, or (E) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation o f proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another (entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners, respectively, of the Common Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the Common Shares or, with respect to an entity other than the Company, the the n outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Common Shares, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the Common Shares or, with respect to an entity other than the Company, the then outstanding shares of common stock of the corporation resulting from such Business Combination (or, for a non-corporate entity, equivalent securities) or the combined voting power of the then outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.7 Withholding

The Corporation shall have the right to deduct from all amounts paid in cash (whether under this Plan or otherwise) any taxes required by law or other amounts authorized by a Participant to be withheld therefrom. In the case of payments of Awards in the form of Common Stock, at the Committee's discretion the Participant may be required to pay to the Corporation the amount of any taxes required to be withheld with respect to such Common Stock, or, in lieu thereof, the Corporation shall have the right to retain (or the Participant may be offered the opportunity to elect to tender) the number of shares of Common Stock whose Fair Market Value on the date such taxes are required to be withheld equals the amount required to be withheld.

1.8 Nontransferability

No Award shall be assignable or transferable, and no right or interest of any Participant shall be subject to any lien, obligation or liability of the Participant, except by will or the laws of descent and distribution.

1.9 No Right to Employment

No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Corporation. Further, the Corporation expressly reserves the right at any time to dismiss a Participant free from any liability, or from any claim under the Plan, except as provided herein or in any agreement entered into with respect to an Award.

1.10 Construction of the Plan

The validity, construction, interpretation, administration and effect of the Plan and of its rules and regulations, and rights relating to the Plan, shall be determined solely in accordance with the laws of Delaware, without regard to conflict of law principles.

1.11 Amendment

(a) The Board of Directors may amend, suspend or terminate the Plan or any portion thereof and any Award hereunder at any time, provided that no amendment shall be made without stockholder approval which shall (i) increase (except as provided in Section 1.5(b) hereof) the total number of shares reserved for issuance pursuant to the Plan; (ii) change the class of Employees eligible to be Participants; (iii) decrease the minimum option prices stated herein (other than to change the manner of determining Fair Market Value to conform to any then applicable provision of the Code or regulations thereunder); (iv) extend the expiration date of the Plan as it applies to incentive stock options; or (v) withdraw the administration of the Plan from a committee consisting of t hree or more members, each of whom is a Non-Employee Director. Notwithstanding anything to the contrary contained herein, the Committee may amend the Plan in such manner as may be necessary so as to have the Plan conform with applicable law and rules and regulations thereunder. Notwithstanding anything in this Plan to the contrary, following a Change of Control the Board may not amend the Plan in a manner that would adversely affect any outstanding Award of a Participant without the written consent of such Participant.

(b) The Committee with the Participant's consent may amend, modify or terminate any outstanding Award at any time prior to payment or exercise in any manner not inconsistent with the terms of the Plan, including without limitation, to change the date or dates as of which (i) a stock option becomes exercisable; (ii) or a Restricted Stock becomes nonforfeitable; or (iii) to cancel and reissue an Award under such different terms and conditions as it determines appropriate.

1.12 Dividends, Equivalents and Voting Rights; Cash Payments

Awards may provide the Participant with (i) dividends or dividend equivalents and voting rights prior to either vesting or earnout; and (ii) to the extent determined by the Committee, cash payments in lieu of or in addition to an Award.

1.13 Effective Date

The Plan shall be effective on October 1, 1999, subject to ratification by the stockholders of the Company. No incentive stock options may be granted under the Plan after December 16, 2019.

Section 2: STOCK OPTIONS

2.1 Authority of Committee

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees to whom stock options shall be granted, the number of shares to be covered by each stock option and the conditions and limitations, if any, in addition to those set forth in Section 2.3 hereof, applicable to the exercise of the stock option. The number of shares of Common Stock with respect to which stock options may be granted to any Participant during any fiscal year shall not exceed 200,000 (subject to adjustment as provided in Section 1.5(b) hereof). The Committee shall have the authority to grant stock options that are intended to be, and qualify as, incentive stock options under Section 422A of the Code, or to grant non-qualified stock options, or to g rant both types of stock options, except that incentive stock options can only be granted to Participants who are Employees of the Company or a Subsidiary. In the case of incentive stock options, the terms and conditions of such grants shall be subject to and comply with such grant and vesting limitations as may be prescribed by Section 422A(d) of the Code, as from time to time amended, and any implementing regulations. Unless the Committee provides otherwise at the time of grant, or at anytime as provided in Section 1.6, an incentive stock option shall be issued in tandem with a Stock Appreciation Right and exercisable except as otherwise provided in the Plan.

2.2 Option Price

The Committee shall establish the option price at the time each stock option is granted, which price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant. The option price shall be subject to adjustment in accordance with the provisions of Section 1.5(b) hereof.

2.3 Exercise of Options

(a) The Committee may determine that any stock option shall become exercisable in installments and may determine that the right to exercise such stock option as to such installments shall expire on different dates or on the same date. Incentive stock options may not be exercisable later than ten years after their date of grant.

(b) In the event a Participant ceases to be an Employee with the consent of the Committee, or upon the occurrence of his or her death, Normal Retirement Date (or, if approved in writing by the Committee, his or her actual retirement date) or Disability Date, his or her stock options shall be exercisable at any time prior to a date established by the Committee at the date of grant. Except as otherwise provided by the Committee, if a Participant ceases to be an Employee for any other reason, his or her rights under all stock options shall terminate no later than the thirtieth (30th) day after such cessation of employment.

(c) Each stock option shall be confirmed by a stock option agreement executed by the Company and by the Participant. The option price of each share as to which an option is exercised shall be paid in full at the time of such exercise. Such payment shall be made in cash, by tender of shares of Common Stock owned by the Participant valued at Fair Market Value as of the date of exercise, subject to such limitations on the tender of Common Stock as the Committee may impose, or by a combination of cash and shares of Common Stock. In addition, the Committee may provide the Participant with assistance in financing the option price and applicable withholding taxes, on such terms and conditions as it determines appropriate.

(d) Stock options granted under the Plan may include the right to acquire an Accelerated Ownership Non-Qualified Stock Option ("AO"). If an option grant contains an AO, and if a Participant pays all or part of the purchase price of the option with shares of Common Stock held by the Participant for at least one (1) year, then upon exercise of the option the Participant shall be granted the additional option to purchase, at the Fair Market Value as of the date of the AO grant, the number of shares of Common Stock equal to the number of whole shares of Common Stock used by the Participant in payment of the purchase price and the number of whole shares of Common Stock, if any, withheld by the Company as payment for applicable withholding taxes. An AO may be exercised no earlier than one (1) year after its grant and no later than the date of expiration of the option to which the AO is related.

(e) Stock options may be exercised during the option term (as specified in the option agreement), by giving written notice of exercise to the Company specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by check, note or such other type of instrument as may be determined from time to time to be acceptable by the Committee or in accordance with procedures established by the Committee. As determined by, or in accordance with procedures established by, the Committee, in its sole discretion, at or after grant, payment in full or in part may also be made in the case of the exercise of a non-qualified stock option in the form of Restricted Stock subject to an Award hereunder (based, in each ca se, on the Fair Market Value of the Common Stock on the date the option is exercised, as determined by the Committee). If payment of the option exercise price of a non-qualified stock option is made in whole or in part in the form of Restricted Stock, such Restricted Stock (and any replacement shares relating thereto) shall remain (or be) restricted, as the case may be, in accordance with the original terms of the Restricted Stock award in question, and any additional Common Stock received upon the exercise shall be subject to the same forfeiture restrictions, unless otherwise determined by, or in accordance with procedures established by, the Committee, in its sole discretion, at or after grant.

Section 3: RESTRICTED STOCK

3.1 Authority of Committee

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees to whom shares of Restricted Stock shall be granted, the number of shares of Restricted Stock to be granted to each Participant, the duration of the Restricted Period during and the conditions under which the Restricted Stock may be forfeited to the Company, the purchase price, if any, to be paid by a Participant for such Restricted Stock, and the terms and conditions of the Award in addition to those contained in Section 3.2. Such determinations shall be made by the Committee at the time of the grant.

3.2 Terms and Conditions

Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as provided in Section 2.3(e), during the Restricted Period. Certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant and deposited by him or her, together with a stock power endorsed in blank, with the Company. At the expiration of the Restricted Period, the Company shall deliver such certificates to the Participant or his or her legal representative.

3.3 Termination of Employment

Unless otherwise provided by the Committee at the time of the grant of Restricted Stock, in the event a Participant voluntarily terminates his or her employment with the Corporation during the Restricted Period, or upon the occurrence of his or her death, during the Restricted Period, Normal Retirement Date (or, if approved in writing by the Committee, his or her actual retirement date) or Disability Date during the Restricted Period, the restrictions imposed hereunder shall lapse with respect to such shares of Restricted Stock. In the event a Participant ceases to be an Employee for any other reason during the Restricted Period, unless otherwise provided by the Committee, all shares of Restricted Stock shall thereupon be forfeited to the Company.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mary E. Junck, 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: May 12, 2010

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Carl G. Schmidt, 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: May 12, 2010

/s/ Carl G. Schmidt

Carl G. Schmidt

Vice President, Chief Financial Officer and Treasurer

Exhibit 32

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 March 28, 2010 ("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: May 12, 2010

/s/ Mary E. Junck	/s/ Carl G. Schmidt
Mary E. Junck	Carl G. Schmidt
Chairman, President and	Vice President, Chief Financial Officer
Chief Executive 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.