

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended March 31, 2000

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

A Delaware Corporation
215 N. Main Street, Davenport, Iowa 52801
Phone: (319) 383-2100

I.D. #42-0823980

Indicate by a 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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding at March 31, 2000
Common stock, \$2.00 par value	33,298,232
Class "B" Common Stock, \$2.00 par value	10,845,006

PART I. FINANCIAL INFORMATION

Item 1.

LEE ENTERPRISES, INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	1999
	(Unaudited)			
Operating revenue:				
Advertising	\$ 62,040	\$ 59,812	\$132,173	\$129,187
Circulation	19,972	20,661	40,184	41,626
Other	17,003	14,315	33,055	28,270
Equity in net income of associated companies	1,958	1,736	4,248	3,978
	100,973	96,524	209,660	203,061
Operating expenses:				
Compensation costs	38,328	36,103	78,009	74,187
Newsprint and ink	8,997	9,107	18,010	19,935
Depreciation	3,577	3,370	7,053	6,712
Amortization of intangibles	3,734	3,464	7,470	6,889
Other	25,307	24,173	51,731	50,038
	79,943	76,217	162,273	157,761
Operating income	21,030	20,307	47,387	45,300
Nonoperating (income) expenses, net				
Financial (income)	(609)	(235)	(1,663)	(1,451)
Financial expense	2,758	2,986	6,143	7,252
Other, primarily (gain) on sale of properties	218	-	(18,031)	-
	2,367	2,751	(13,551)	5,801

Income from continuing operations

before taxes on income	18,663	17,556	60,938	39,499
Income taxes	6,926	6,549	22,805	14,670
Income from continuing operations	11,737	11,007	38,133	24,829
Discontinued operations:				
Income from discontinued operations, net of income tax effect	590	961	4,738	6,778
Gain on disposal of operations, net of income tax effect	1,274	- -	1,274	- -
	1,864	961	6,012	6,778
Net income	\$ 13,601	\$ 11,968	\$ 44,145	\$ 31,607
Average outstanding shares:				
Basic	44,098	44,246	44,132	44,257
Diluted	44,423	44,859	44,527	44,851
Earnings per share:				
Basic:				
Income from continuing operations	\$ 0.27	\$ 0.25	\$ 0.86	\$ 0.56
Income from discontinued operations	0.04	0.02	0.14	0.15
Net income	\$ 0.31	\$ 0.27	\$ 1.00	\$ 0.71
Diluted:				
Income from continuing operations	\$ 0.27	\$ 0.25	\$ 0.85	\$ 0.55
Income from discontinued operations	0.04	0.02	0.14	0.15
Net income	\$ 0.31	\$ 0.27	\$ 0.99	\$ 0.70
Dividends per share	\$ 0.16	\$ 0.15	\$ 0.32	\$ 0.30

LEE ENTERPRISES, INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands)

ASSETS	March 31, 2000	September 30, 1999
	(Unaudited)	
Cash and cash equivalents	\$ 38,836	\$ 10,536
Accounts receivable, net	37,979	68,560
Newsprint inventory	2,383	3,625
Other	8,856	19,822
Net assets of discontinued operations	170,179	-

Total current assets	258,233	102,543
Investments	33,183	32,145
Property and equipment, net	118,299	139,203
Intangibles and other assets	283,208	405,622

	\$692,923	\$679,513
	=====	
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 65,920	\$ 79,448
Long-term debt, less current maturities	185,000	187,005
Deferred items	62,799	58,731
Stockholders' equity	379,204	354,329

	\$692,923	\$679,513
	=====	

LEE ENTERPRISES, INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	2000	1999
	(Unaudited)	

Six Months Ended March 31:		
Cash Provided by Operating Activities:		
Net income	\$ 44,145	\$ 31,607
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	20,537	19,150
Gain on sale of properties	(18,439)	- -
Distributions in excess of earnings of associated companies	1,184	1,650
Other balance sheet changes	17,536	(1,151)
	-----	-----
Net cash provided by operating activities	64,963	51,256
	-----	-----
Cash (Required for) Investing Activities:		
Purchase of property and equipment	(18,359)	(16,301)
Acquisitions	(8,075)	(2,147)
Proceeds from sale of assets	8,775	- -
Other	(42)	(127)
	-----	-----
Net cash (required for) investing activities	(17,701)	(18,575)
	-----	-----
Cash Provided by (Required for) Financing Activities:		
Purchase of common stock	(6,214)	(2,265)
Cash dividends paid	(7,071)	(6,654)
Principal payments on long-term debt	- -	(25,000)
Principal payments on short-term notes payable, net	(6,000)	- -
Other	323	156
	-----	-----
Net cash (required for) financing activities	(18,962)	(33,763)
	-----	-----
Net increase (decrease) in cash and cash equivalents	28,300	(1,082)
Cash and cash equivalents:		
Beginning	10,536	16,941
	-----	-----
Ending	\$ 38,836	\$ 15,859
	=====	=====

LEE ENTERPRISES, INCORPORATED

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Note 1. Basis of Presentation

The information furnished reflects all adjustments, consisting of normal recurring accruals, which are, in the opinion of management, necessary to a fair presentation of the financial position as of March 31, 2000 and the results of operations for the three- and six-month periods ended March 31, 2000 and 1999 and cash flows for the six-month periods ended March 31, 2000 and 1999.

Note 2. Investment in Associated Companies

Condensed operating results of Madison Newspapers, Inc. (50% owned) and other unconsolidated associated companies are as follows (dollars in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	1999
Revenues	\$23,825	\$21,660	\$48,097	\$45,250
Operating expenses, except depreciation and amortization	17,213	15,487	33,503	31,114
Income before depreciation and amortization, interest, and taxes	6,612	6,173	14,594	14,136
Depreciation and amortization	720	756	1,441	1,549
Operating income	5,892	5,417	13,153	12,587
Financial income	638	363	1,035	686
Income before income taxes	6,530	5,780	14,188	13,273
Income taxes	2,613	2,285	5,692	5,316
Net income	3,917	3,495	8,496	7,957

Note 3. Cash Flows Information

The components of other balance sheet changes are:

	Six Months Ended March 31,	
	2000	1999
	(In Thousands)	
Decrease in receivables	\$ 5,104	\$ 244
Decrease in inventories and other	2,201	1,347
(Decrease) in accounts payable, accrued expenses and unearned income	(911)	(3,556)
Increase in income taxes payable	2,594	163
Other, primarily deferred items	8,548	651
	\$17,536	\$(1,151)

Note 4. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands except per share amounts):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	1999
Numerator:				
Income applicable to common shares:				
Income from continuing operations	\$ 11,737	\$ 11,007	\$ 38,133	\$ 24,829
Income from discontinued operations	1,864	961	6,012	6,778
	<u>\$ 13,601</u>	<u>\$ 11,968</u>	<u>\$ 44,145</u>	<u>\$ 31,607</u>
Denominator:				
Basic-weighted average common shares				
outstanding	44,098	44,246	44,132	44,257
Dilutive effect of employee stock options	325	613	395	594
	<u>44,423</u>	<u>44,859</u>	<u>44,527</u>	<u>44,851</u>
Basic earnings per share:				
Income from continuing operations	0.27	0.25	0.86	0.56
Income from discontinued operations	0.04	0.02	0.14	0.15
	<u>0.31</u>	<u>0.27</u>	<u>1.00</u>	<u>0.71</u>
Diluted earnings per share:				
Income from continuing operations	0.27	0.25	0.85	0.55
Income from discontinued operations	0.04	0.02	0.14	0.15
	<u>0.31</u>	<u>0.27</u>	<u>0.99</u>	<u>0.70</u>

Note 5. Sale of Assets

On October 1, 1999 the Company sold substantially all the assets used in, and liabilities related to, the publication, marketing, and distribution of two daily newspapers and the related specialty and classified publications in Kewanee, Geneseo, and Aledo, Illinois and Ottumwa, Iowa in exchange for \$9,300,000 of cash and a daily newspaper and specialty publications in Beatrice, Nebraska.

Note 6. Reclassification

Certain items on the statement of income for the quarter ended and six-month period ended March 31, 1999 have been reclassified with no effect on net income or earnings per share, to be consistent with the classifications adopted for the quarter and six-month periods ended March 31, 2000.

Note 7. Discontinued operations

On March 1, 2000, the Company decided to discontinue the operations of the Broadcast division. On May 7, 2000 the Company entered into an agreement to sell certain of their broadcasting properties, consisting of eight network-affiliated and seven satellite television stations, to Emmis Communications Corporation. The purchase price is approximately \$562,500,000. The sale is subject to various conditions, including Hart-Scott-Rodino clearance and approval by the Federal Communications Commission, and other customary contingencies for a transaction of this nature. The sale is anticipated to be completed later this year.

The income from discontinued operations consist of the following:

	Three		Six	
	Months Ended		Months Ended	
	March 31,		March 31,	
	2000	1999	2000	1999
Income from discontinued operations through March 1, 2000	\$1,147	\$1,846	\$ 8,218	\$11,653
Income from measurement date to March 31, 2000	2,178	- -	2,178	- -
	3,325	1,846	10,396	11,653
Income taxes	1,461	885	4,384	4,875
	\$1,864	\$ 961	\$ 6,012	\$ 6,778

At March 31, 2000, the assets and liabilities of the Broadcast division consisted of the following:

Assets:	
Accounts receivable, net	\$ 23,611
Program rights and other	4,799
Property and equipment, net	30,498
Intangibles and other assets	122,719
	181,627
Liabilities:	
Current liabilities	10,457
Deferred items	991
	11,448
Net assets of discontinued operations	\$170,179

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

Selected operations information is as follows (dollars in thousands, except per share data):

	Three Months Ended March 31,			Six Months Ended March 31,		
	2000	1999	Percent Increase	2000	1999	Percent Increase
Income from continuing operations before depreciation and amortization, interest and taxes (EBITDA): *						
Publishing locations	\$31,443	\$30,474	3.2%	\$68,979	\$66,194	4.2%
Corporate	(3,102)	(3,333)	6.9	(7,069)	(7,293)	3.1
	\$28,341	\$27,141	4.4%	\$61,910	\$58,901	5.1%
Operating income:						
Publishing locations	\$24,462	\$24,025	1.8%	\$55,095	\$53,302	3.4%
Corporate	(3,432)	(3,718)	8.3	(7,708)	(8,002)	3.7
	\$21,030	\$20,307	3.6%	\$47,387	\$45,300	4.6%
Capital expenditures:						
Publishing locations	\$ 8,275	\$ 5,184		\$15,600	\$10,777	
Broadcasting	784	2,247		1,971	5,142	
Corporate	319	-		788	382	
	\$ 9,378	\$ 7,431		\$18,359	\$16,301	

* EBITDA is not a financial performance measurement under generally accepted accounting principles (GAAP), and should not be considered in isolation or as a substitute for GAAP performance measurements. EBITDA is also not reflected in our consolidated statement of cash flows, but it is a common and meaningful alternative performance measurement for comparison to other companies in our industry.

QUARTER ENDED MARCH 31, 2000

PUBLISHING

Exclusive of acquisitions and dispositions, publishing advertising revenue increased \$2,000,000, 3.4%. Advertising revenue from local merchants increased \$116,000, .4%, as a result of a late Easter. Local "run-of-press" advertising decreased \$(76,000), (.3%). Local preprint revenue increased \$191,000, 2.3%. Classified advertising revenue increased \$1,491,000, 7.0%, primarily in the employment and automotive categories. Circulation revenue decreased \$(313,000), (1.6%), as a result of a decrease in units.

Other revenue consists of revenue from commercial printing, products delivered outside the newspaper (which include activities such as target marketing and special event production) and editorial service contracts with Madison Newspapers, Inc.

Other revenue by category is as follows:

	Three Months Ended March 31,	
	2000	1999
	----- (In Thousands) -----	
Commercial printing	\$ 5,630	\$ 5,690
New revenue*	7,360	5,913
Editorial service contracts	2,572	2,396
Acquisitions and dispositions since September 31, 1998 ...	1,441	316
	-----	-----
	\$17,003	\$14,315
	=====	=====

* Includes internet/online, niche publications, books, and other events and promotions.

The following table sets forth the percentage of revenue of certain items in the publishing operations.

	Three Months Ended March 31,	
	2000	1999
	----- ----- -----	
Revenue	100.0%	100.0%
	----- ----- -----	
Compensation costs	36.1	35.9
Newsprint and ink	8.9	9.4
Other operating expenses	23.8	23.1
	-----	-----
	68.8	68.4
	----- ----- -----	
Income before depreciation, amortization, interest and taxes .	31.2	31.6
Depreciation and amortization	6.9	6.7
	-----	-----
Operating margin wholly-owned properties	24.3%	24.9%
	=====	=====

QUARTER ENDED MARCH 31, 2000

Exclusive of the effects of acquisitions and dispositions, costs other than depreciation and amortization increased \$2,788,000, 4.4%. Compensation expense increased \$1,426,000, 4.3%, due primarily to an increase in average compensation rates. Newsprint and ink costs decreased \$(401,000), (4.5)%, due primarily to lower prices paid for newsprint. Other operating costs, exclusive of depreciation and amortization, increased \$1,763,000, 8.3%. Approximately one-half of the increase resulted from insurance cost savings in 1999 which did not reoccur in 2000.

DISCONTINUED OPERATIONS, BROADCASTING

Exclusive of the effects of a local marketing agreement (LMA) contract termination, net revenue increased \$935,000, 3.6%, as political advertising increased \$558,000 to \$579,000 and local/regional/national advertising increased \$930,000, 4.0%. Production revenue and revenues from other services increased \$107,000, 5.6%. Network compensation decreased by \$(641,000).

Exclusive of the disposition, compensation costs increased \$189,000, 1.5%. Programming costs for the quarter increased \$426,000, 19.7%, primarily due to higher costs of new programming. Other operating expenses, exclusive of depreciation and amortization, decreased \$1,420,000, (19.7)%, due to reduction in travel, bad debts, outside services, sales and audience promotion expenses.

NONOPERATING INCOME AND INCOME TAXES

Interest on deferred compensation arrangements for executives and others is offset by financial income earned on the invested funds held in trust. Financial income and interest expense increased by \$260,000 in 2000, as a result of these arrangements.

Income taxes were 37.1% and 37.3% of pretax income from continuing operations for the quarters ended March 31, 2000 and 1999, respectively.

SIX MONTHS ENDED MARCH 31, 2000

PUBLISHING

Exclusive of acquisitions and dispositions, publishing advertising revenue increased \$2,455,000, 2.0%. Advertising revenue from local merchants decreased \$(700,000), (1.0%). Local "run-of-press" advertising decreased \$(1,212,000), (2.3%), as a result of decreased spending and a shift to preprint advertising by large retailers. Local preprint revenue increased \$511,000, 2.7%. Classified advertising revenue increased \$2,512,000, 5.9%, as a result of a 11.6% increase in advertising inches primarily in employment and automotive categories, offset by lower average rates. Circulation revenue decreased \$(713,000), (1.8)% as a result of a decrease in units.

SIX MONTHS ENDED MARCH 31, 2000

Other revenue consists of revenue from commercial printing, products delivered outside the newspaper (which include activities such as target marketing and special event production) and editorial service contracts with Madison Newspapers, Inc.

Other revenue by category and by property is as follows:

	Six Months Ended March 31,	
	----- 2000	1999 -----
	(In Thousands)	
Commercial printing	11,287	11,905
New revenue *	14,500	11,100
Editorial service contracts	4,868	4,593
Acquisitions and dispositions since September 30, 1998 .	2,370	672
	-----	-----
	\$33,025	\$28,270
	=====	=====

* Includes internet/online, niche publications, books, and other events and promotions.

The following table sets forth the percentage of revenue of certain items in the publishing operations.

	Six Months Ended March 31,	
	----- 2000	1999 -----
Revenue	100.0%	100.0%
	-----	-----
Compensation costs	35.2	34.8
Newsprint and ink	8.6	9.8
Other operating expenses	23.3	22.8
	-----	-----
	67.1	67.4
	=====	=====
Income before depreciation, amortization, interest and taxes	32.9	32.6
Depreciation and amortization	6.6	6.3
	-----	-----
Operating margin wholly-owned properties	26.3%	26.3%
	=====	=====

Exclusive of the effects of acquisitions, costs other than depreciation and amortization increased \$2,997,000, 2.3%. Compensation expense increased \$2,464,000, 3.6%, due primarily to an increase in average compensation rates. Newsprint and ink costs decreased \$(2,460,000), (12.6)%, due primarily to lower prices paid for newsprint. Other operating costs, exclusive of depreciation and amortization, increased \$2,993,000, 6.8%, due to higher technology and promotion expenses. Approximately one-third of the increase resulted from insurance cost savings in 1999 that did not reoccur in 2000.

SIX MONTHS ENDED MARCH 31, 2000

DISCONTINUED OPERATIONS, BROADCASTING

Exclusive of the effects of the LMA contract termination, revenue decreased \$(1,952,000), (3.2)%, as political advertising decreased \$(4,328,000), (77.7)% and local/regional/national advertising increased \$3,199,000, 6.5%. Production revenue and revenues from other services increased \$115,000, 3.0%. Network compensation decreased by \$(1,152,000).

Exclusive of the disposition, compensation costs increased \$235,000, .9%. Programming costs increased \$851,000, 19.6%, primarily due to higher costs of new programming. Other operating expenses, exclusive of depreciation and amortization, decreased \$1,282,000, (8.9)%, due to reduction in travel, bad debts, outside services, sales and audience promotion expenses.

NONOPERATING INCOME AND INCOME TAXES

Interest expense decreased due to payments on long-term debt and changes in the deferred compensation arrangements as previously discussed which increased financial income and interest expense by \$832,000 in 2000.

Income taxes were 37.5% and 37.1% of pretax income from continuing operations for the six-months ended March 31, 2000 and 1999, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations, which is the Company's primary source of liquidity, generated \$64,963,000 for the six month period ended March 31, 2000. Available cash balances, cash flow from operations, and bank lines of credit provide adequate liquidity. Covenants related to the Company's credit agreement are not considered restrictive to operations and anticipated stockholder dividends.

SAFE HARBOR STATEMENT

The Private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for forward-looking statements. This report contains certain information which may be deemed forward-looking that is based largely on the Company's current expectations and is subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends, and uncertainties are changes in advertising demand, newsprint prices, interest rates, regulatory rulings, availability of quality broadcast programming at competitive prices, changes in the terms and conditions of network affiliation agreements, quality and ratings of network over-the-air broadcast programs, legislative or regulatory initiatives affecting the cost of delivery of over-the-air broadcast programs to the Company's customers, and other economic conditions and the effect of acquisitions, investments, and dispositions on the Company's results of operations or financial condition. The words "believe," "expect," "anticipate," "intends," "plans," "projects," "considers," and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are as of the date of this report. Further information concerning the Company and its businesses, including factors that potentially could materially affect the Company's financial results, is included in the Company's annual report on Form 10-K. The Company does not undertake to publicly update or revise its forward-looking statements.

LEE ENTERPRISES, INCORPORATED

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The annual meeting of the Company was held on January 25, 2000.
- b) William E. Mayer and Mark Vittert were re-elected directors and Gregory P. Schermer was elected director for three-year terms expiring at the 2003 annual meeting. J.P. Guerin was re-elected as a director for a one-year term expiring at the 2001 annual meeting. Directors whose terms of office continued after the meeting include: Rance E. Crain, Richard D. Gottlieb, Mary E. Junck, Phyllis Sewell, Andrew E. Newman, Ronald L. Rickman, and Gordon D. Prichett.
- (c) Votes were cast of which 5,502,735 were voted in person and the remaining votes were cast by proxy as follows:

	Vote For	Withheld
	-----	-----
William E. Mayer	117,088,573	712,824
Gregory P. Schermer	112,264,202	5,537,195
Mark Vittert	117,096,531	704,866
J.P. Guerin	117,056,423	744,974

Abstentions and broker non-votes were not significant.

- (d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K

- (e) Exhibits
(3) Bylaws
(10) Employment agreement
(27) Financial data schedule
- (f) Report on Form 8-K: None

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

DATE May 15, 2000

/s/ G. C. Wahlig

G. C. Wahlig, Chief Accounting Officer

BY-LAWS

OF

LEE ENTERPRISES, INCORPORATED

(A Delaware corporation)

Effective January 25, 2000

ARTICLE I

OFFICES

SECTION 1. Principal Office. The principal office shall be at 229 South State Street, in the City of Dover, County of Kent, State of Delaware, and the name of the resident agent in charge thereof is THE PRENTICE-HALL CORPORATION SYSTEM, INC.

SECTION 2. Other Offices. The corporation may also have an office or offices at such other place or places, within or without the State of Delaware, as the Board of Directors may from time to time designate or the business of the corporation require.

ARTICLE II

STOCKHOLDERS' MEETINGS

SECTION 1. Annual Meetings. An annual meeting of the stockholders of the corporation shall be held at such time and place within or without the State of Delaware as may be determined by the Board of Directors, and as shall be designated in the notice of said meeting, for the purpose of electing directors and for the transaction of such other proper business, notice of which was given in the notice of the meeting.

SECTION 2. Nomination of Directors and other business.

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election as directors may be made at a meeting of stockholders only (x) by or at the direction of the Board of Directors, (y) by any person or persons authorized to do so by the Board or (z) by any stockholder of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2. Such nomination, other than those made by or at the direction of the Board or by persons authorized by the Board, shall be made pursuant to timely notice in writing to the Chairman of the Nominating Committee of the Board of Directors. Such stockholder's notice of a proposed nomination shall set forth, as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as now or hereafter amended; and as to the stockholder giving the notice, (v) the name and record address of such stockholder and (vi) the class and number of shares of the corporation which are beneficially owned by such stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as director. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein and unless qualified under the other provisions of these bylaws. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedure, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

(b) To be properly brought before any annual or special meeting of stockholders, business must be either (x) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (y) otherwise properly brought before the meeting by or at the direction of the Board, or (z) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. A stockholder's notice to the Secretary shall set forth with respect to each matter the stockholder proposes to bring before the meeting (i) a brief

description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at any meeting of stockholders except in accordance with the procedures set forth in this Section 2, provided, however, that nothing in this Section 2 shall be deemed to preclude discussion by any stockholder of any business properly brought before the meeting. If the Chairman of the meeting determines that such business was not properly brought before the meeting in accordance with the foregoing procedure, he or she shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

(c) To be timely, a stockholder's notice of nomination or other business must be delivered to, or mailed and received at, the principal executive offices of the corporation, as to the annual meeting of stockholders, not later than the date fixed annually by the Board of Directors and set forth in the proxy statement for the preceding annual meeting. As to any other meeting such notice shall be given not less than 40 days nor more than 65 days prior to the meeting; provided, however, that in the event that less than 45 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the special meeting was mailed or such public disclosure was made, whichever first occurs.

SECTION 3. Special Meetings. Special meetings of the stockholders may be held at such time and place within or without the State of Delaware as may be designated in the notice of said meeting, upon call of the Board of Directors, the Chairman of the Board, or the President.

SECTION 4. Notice of Meetings and Adjourned Meetings. Unless otherwise provided by law, written notice of any meeting of the stockholders stating the place, date, hour and purpose or purposes of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed for all purposes to have been given when deposited in the United States mail, postage prepaid, directed to the stockholder at the address of the stockholder as it appears on the records of the corporation. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, provided that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 5. Record Date for Determination of Stockholders. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the stock record books of the corporation shall not be closed, but the Board of Directors shall fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. Quorum. Except as otherwise provided by law or the Certificate of Incorporation a quorum of all meetings of stockholders shall consist of the holders of record of stock representing a majority of the voting power of all classes of the Corporation, issued and outstanding, entitled to vote at the meeting, present in person or by proxy. For purposes of the foregoing, two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum at any meeting or any adjournment thereof, a majority of the voting power of those present in person or by proxy and entitled to vote may adjourn such meeting from time to time. At any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 7. Organization. Meetings of the stockholders shall be presided over by the Chairman of the Board, or if he or she is not present, by the President. If neither the Chairman of the Board nor the President is present, a Vice President shall preside. In the absence or inability to act of all of the officers listed in this Section, a person designated by the Chairman of the Board shall preside. The Secretary of the corporation, or an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the meeting shall choose any person present to act as secretary of the meeting.

SECTION 8. Voting. Except as provided in Section 9(a) or as otherwise provided by law, each stockholder entitled to vote at any meeting of stockholders shall be entitled to such number of votes as is specified, in respect of the class or series of capital stock held by such stockholder, in the corporation's Restated Certificate of Incorporation. Any vote of stock of the corporation may be given by the stockholder entitled thereto in person or by his or her proxy appointed by an instrument in writing, subscribed by such stockholder or his or her attorney thereto authorized and delivered to the Secretary of the meeting; provided, however, that no proxy shall be voted on after three (3) years from its date unless said proxy provides for a longer period. Except as otherwise required by law or the Restated Certificate of Incorporation or these By-Laws, or in electing directors, all matters coming before any meeting of the stockholders shall be decided by the vote of a majority of the voting power of all classes of stock of the corporation present in person or by proxy at such meeting and entitled to vote thereat, a quorum being present. At all elections of directors the voting may, but need not be, by ballot and a plurality of the votes cast thereat shall elect.

SECTION 9(a). Voting of Shares by Aliens. No more than twenty percent (20%) of the outstanding shares of stock of the corporation entitled to vote on any matter submitted to stockholders (including the election of directors) shall be voted, directly or indirectly, by or for the account of all aliens as a group. All references herein to "alien" shall include the representatives, associates and affiliates of such alien. The term "alien", "representative", "associate", and "affiliate" shall be defined as set forth in Subdivision (J) to Article FOURTH of the Restated Certificate of Incorporation of the corporation.

SECTION 10. List of Stockholders. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 11. Inspectors of Voting. Except as otherwise provided by statute, the Chairman of the Board or in his or her absence the President, shall appoint one or more inspectors of voting for each meeting of stockholders.

SECTION 12. Meeting Procedures. Meetings of stockholders shall be conducted in a fair manner but need not be governed by any prescribed rules of order. The presiding officer's rulings on procedural matters shall be final. The presiding officer is authorized to impose reasonable time limits on the remarks of individual stockholders and may take such steps as such officer may deem necessary or appropriate to assure that the business of the meeting is conducted in a fair and orderly manner including, without limitation, to adjourn any meeting and determine the date, time and place at which any adjourned meeting shall be reconvened, unless otherwise determined by the Board of Directors.

ARTICLE III

DIRECTORS

SECTION 1. Powers, Number, Qualification, Term, Quorum and Vacancies. The property, affairs and business of the corporation shall be managed by its Board of Directors, consisting of such number as shall be fixed from time to time by resolution adopted at a meeting of the stockholders or as may be determined by the Board of Directors as hereinafter provided. The number of directors shall never be less than three (3). The directors shall be divided into three classes as nearly equal in number as possible, with the term of office of one class expiring each year. Following expiration of terms for which they were elected, each class of directors shall thereafter be elected for a three-year term. The directors shall have power from time to time, and at any time, when the stockholders as such are not assembled in a meeting, regular or special, to increase or decrease their own number. During the intervals between annual meetings of stockholders, any vacancy occurring in the Board of Directors caused by resignation, removal, death or incapacity, and any newly created directorships resulting from an increase in the number of directors, shall be filled by a majority vote of the directors then in office, whether or not a quorum. Each director chosen to fill a vacancy shall hold office for the unexpired term in respect of which such vacancy occurred. Each director chosen to fill a newly created directorship shall hold office until the next election of the class for which such director shall have been chosen. When the number of directors is changed, any newly created directorships or any decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as possible. Each director shall serve until a successor shall have been duly elected and qualified, except in the event of resignation, removal, death or other incapacity.

Directors need not be stockholders. No alien (including the representatives, associates and affiliates thereof) shall be eligible to serve as a director of the corporation. The terms "alien", "representative", "associate", and "affiliate", shall be defined as set forth in Subparagraph (J) to Article FOURTH of the Restated Certificate of Incorporation of the corporation.

A majority of the members of the Board of Directors then acting, but in no event less than one-third nor less than two (2) of the number of directors authorized, acting at a meeting duly assembled, shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting, without further notice, from time to time until a quorum shall have been obtained.

SECTION 2. Meetings. Meetings of the Board of Directors shall be held at such place within or outside the State of Delaware as may from time to time be fixed by resolution of the Board of Directors, or as may be specified in the notice of the meeting. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board of Directors, and special meetings may be held at any time upon the call of the Chairman of the Board or any two (2) directors by oral, telegraphic, facsimile or other written notice duly communicated to, served on, sent, or mailed to each director at his or her principal address as recorded in the records of the Corporation not less than twenty-four (24) hours before such meeting. A meeting of the Board of Directors shall be held without notice immediately after the annual meeting of stockholders. Notice need not be given of regular meetings of the Board of Directors held at times fixed by resolution of the Board of Directors. Meetings may be held at any time without notice if all the directors are present, or if at any time before or after the meeting those not present waive notice of the meeting in writing.

SECTION 3. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee.

SECTION 4. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two (2) or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

SECTION 5. Dividends. Subject always to the provisions of the law and the Certificate of Incorporation, the Board of Directors shall have full power to determine whether any, and if any, what part of any, funds legally available for the payment of dividends shall be declared in dividends and paid to stockholders; the division of the whole or any part of such funds of the corporation shall rest wholly within the lawful discretion of the Board of Directors, and it shall not be required at any time, against such discretion, to divide or pay any part of such funds among or to the stockholders as dividends or otherwise; and the Board of Directors may fix a sum which may be set aside or reserved over and above the capital paid in of the corporation as working capital for the corporation or as a reserve for any proper purpose, and from time to time may increase, diminish, and vary the same in its absolute judgment and discretion.

SECTION 6. Removal of Directors. A director may be removed from office at any time, but only for cause, by the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote for the election of directors at a meeting of the stockholders called for that purpose.

SECTION 7. Indemnification of officers, directors. employees and aliens.

(a) Each officer, director, employee and agent of the corporation and each person serving at the request of the corporation as an officer, director, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified (including payment of expenses in advance) by the corporation to the full extent from time to time provided or authorized by the General Corporation Law of the State of Delaware. This right of indemnification shall not be exclusive of other indemnification rights to which any such person may be entitled under contract, by-law, vote of stockholders or disinterested directors, policy of insurance or otherwise. The subsequent provisions of this By-law shall not limit or otherwise modify the foregoing provision.

(b) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(c) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such persons shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(d) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (b) and (c), or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

(e) Any indemnification under subsections (b) and (c) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in subsections (b) and (c). Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(f) Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized in this Section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

(g) The indemnification and advance of expenses provided by or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification and advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. The corporation shall have authority to enter into indemnification agreements with its officers and directors, the terms of which shall be approved by the board of directors.

(h) The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this section.

(i) For purposes of this Section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(j) For purposes of this Section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Section. References to "actions" or "proceedings" shall include administrative or investigative inquiries as well as suits at law or in equity.

(k) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE IV

OFFICERS, GROUPS AND STAFF

SECTION 1. Number. The Board of Directors at its first meeting after each annual meeting of the stockholders, or at any time thereafter, shall elect a Chairman of the Board (acting as Chief Executive Officer), a President (acting as Chief Operating Officer), one or more Group Presidents, one or more Vice Presidents (the number to be determined by the Board of Directors), a Secretary and a Treasurer. The Board of Directors may appoint from time to time one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as it shall deem necessary. Two or more offices, other than that of Chairman of the Board, President and Secretary, may be held by the same person. None of the officers need be a director or a stockholder of the corporation.

SECTION 2. Term and Removal. Each elective officer shall hold office until the next annual meeting of the Board of Directors, or until his or her successor is elected and qualifies. Each appointive officer shall hold office at the will of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the members of the Board of Directors then in office. A vacancy in any office arising from any cause may be filled by the Board of Directors.

SECTION 3. Chairman of the Board. The Chairman of the Board shall be Chief Executive Officer of the corporation, shall preside at all meetings of the Board of Directors, and shall have general supervision of the business, affairs and property of the corporation and over its several officers, subject to the control of the Board of Directors. He or she shall be ex officio a member of all standing committees, other than the Audit and Executive Compensation Committees, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall make recommendations to the Board of Directors with respect to corporate policies and other matters of importance which he or she believes should be submitted for Board consideration. He or she shall have all the powers usually vested in the office of a general manager and chief executive officer of a corporation. He or she shall have power to execute contracts and other documents on behalf of the corporation, under seal or otherwise.

SECTION 4. President. In the absence of the Chairman of the Board, the President shall preside at all meetings of the Board of Directors. He or she shall be Chief Operating Officer reporting directly to the Chief Executive Officer. He or she shall be responsible for daily supervision of all business affairs of the corporation, subject to control by the Chief Executive Officer. He or she shall have power to execute contracts and other documents on behalf of the corporation, under seal or otherwise.

SECTION 5. Group Presidents. Each Group President shall be a corporate officer and within the limitations placed by the policies adopted by the Board of Directors or the Chairman of the Board, shall be the chief operating officer of the operating group assigned and shall in general supervise and control such business and affairs of the group and operations assigned thereto and perform such other duties as may be prescribed from time to time by the Chairman of the Board, the President or the Board of Directors.

SECTION 6. Vice Presidents. Each Vice President shall have such powers and perform such duties as may be assigned to him or her by the Chairman of the Board, the President or the Board of Directors.

SECTION 7. Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Chairman of the Board, the President or the Board of Directors. He or she shall keep in safe custody the seal of the corporation and, when authorized to do so, affix the same to any instrument requiring it, and when so affixed it shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary.

SECTION 8. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these By-Laws; and, in general, perform all of the duties incident to the office of Treasurer and such other duties as shall from time to time be assigned to him or her by the Chairman of the Board, the President or the Board of Directors.

SECTION 9. Assistant Secretaries and Assistant Treasurers. Assistant Secretaries and Assistant Treasurers, if any, shall be appointed by the Board of Directors and shall have such powers and shall perform such duties as shall be assigned to them by the Chairman of the Board, the President or the Board of Directors.

SECTION 10. Establishment of Groups. The Board of Directors or the Chairman of the Board may cause the business of the Corporation to be divided into one or more groups, based upon product or service, geographical territory, character and type of operations, or upon such other basis as the Board of Directors or the Chairman of the Board may from time to time determine to be advisable. A group shall operate under the authority and direction of a Group President and may operate under trade names approved for such purpose as may be authorized by the Board of Directors or the Chairman of the Board.

Section 11. Group Officers. The Group President of a group, after authorization by the Chairman of the Board, may appoint any number of group officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such group officer. Such officers shall have such authority as may from time to time be assigned by the Group President.

Section 12. Staff Officers. The Chairman of the Board may appoint any number of staff officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such staff officer as the Chairman of the Board may deem appropriate from time to time. Such officers shall have such authority as may from time to time be assigned by the Chairman of the Board.

ARTICLE V

CERTIFICATES OF STOCK AND UNCERTIFICATED STOCK

SECTION 1. Certificates of Shares and Uncertificated Shares. The Board of Directors may authorize the issuance of some or all of the shares of its common stock without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation. Shares of stock held by or for the account of aliens (including the representatives, associates, and affiliates thereof) shall be represented by "Foreign Share Certificates". The terms "alien", "representative", "associate" and "affiliate" shall be defined as set forth in Subparagraph (J) of Article FOURTH of the Restated Certificate of Incorporation of the corporation. All such other shares of stock shall be represented by either "Domestic Share Certificates" or, in the case of uncertificated stock, by such written statements issued by the corporation in respect of uncertificated shares. All such certificates or written statements shall be in such form and design as the Board of Directors may approve and each certificate or written statement shall be signed by the Chairman of the Board, the President or a Vice President and the Secretary or Assistant Secretary, and shall express on its face its number, date of issuance, the number of shares for which and the person to whom issued.

SECTION 2. Ownership, Control and Transfer of Shares. Not more than twenty percent (20%) of the outstanding shares of stock of the corporation shall at any time be owned or controlled, directly or indirectly, by or for the account of all aliens as a group. Shares of stock shall be transferable on the books of the corporation by the holder thereof in person or by duly authorized attorney upon the surrender of the certificate representing shares to be transferred, properly endorsed, or, in the case of uncertificated stock, by the registration of the transfer of the uncertificated shares on the books of the corporation by the holder thereof; provided, however, that shares of stock other than shares represented by foreign share certificates shall be transferable to aliens or any person holding for the account thereof only when the aggregate number of shares of stock owned by or for the account of all aliens as a group will not then be more than twenty percent (20%) of the number of shares outstanding. The Board of Directors may direct that, before shares of stock shall be transferred on the books of the corporation, the corporation may require information as to whether the proposed transferee is an alien or will own the stock for the account of an alien. The issuance or transfer of any of the shares of stock at any time outstanding to an alien contrary to the provisions of this Section shall be void. All references herein to "alien" shall include the representatives, associates and affiliates of such alien. The terms "alien", "representative", "affiliate", "associate", "control" and "person" shall be defined as set forth in Subparagraph (J) to Article FOURTH of the Restated Certificate of Incorporation of the corporation.

Transfers of shares of the capital stock of the corporation shall be made only on the books of the corporation by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, or with a transfer clerk or a transfer agent appointed as in Section 4 of this Article provided, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon, or, in the case of uncertificated stock, by the registration of the transfer of the uncertificated shares and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the corporation shall be deemed the owner thereof for all purposes as regards the corporation; provided that whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary of the corporation, shall be so expressed in the entry of transfer. The Board may, from time to time, make such additional rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer, and registration of certificates for shares or uncertificated shares of the capital stock of the corporation.

The certificates of stock or written statement in respect of uncertificated shares shall be signed by the Chairman of the Board, the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the corporation. If a certificate of stock or written statement is countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, any other signature on the certificate or written statement may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate of stock or written statement shall have ceased to be such officer, transfer agent or registrar before such certificate of stock or written statement is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 3. Lost, Stolen, Destroyed, or Mutilated Certificates. No certificate for shares of stock in the corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the corporation, if the Board of Directors shall so require, of a bond of indemnity in such amount (not exceeding twice the value of the shares represented by such certificate), upon such terms and secured by such surety as the Board of Directors may in its discretion require.

SECTION 4. Transfer Agent and Registrar. The Board of Directors may appoint one or more Transfer Clerks or one or more Transfer Agents and one or more Registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

SECTION 5. Rules and Regulations. The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the corporation.

ARTICLE VI

BANK ACCOUNTS, CHECKS, LOANS, ETC.

SECTION 1. Bank Accounts and Checks. Such officers or agents of the corporation as from time to time shall be designated by the Board of Directors shall have authority to deposit any funds of the corporation in such banks or trust companies as shall from time to time be designated by the Board of Directors; and such officers or agents as from time to time shall be designated by the Board of Directors shall have authority to withdraw from time to time any or all of the funds of the corporation so deposited in any bank or trust company, upon checks, drafts or other instruments or orders for the payment of money, drawn against the account or in the name or behalf of the corporation, and made or signed by such officers or agents; and each bank or trust company with which funds of the corporation are so deposited is authorized to accept, honor, cash and pay, without limit as to amount, all checks, drafts or other instruments or orders for the payment of money, when drawn, made or signed by officers or agents so designated by the Board of Directors, regardless of whether the same are payable to the order of any officer or agent signing the same, until written notice of the revocation by the Board of Directors of the authority of such officers or agents shall have been received by such bank or trust company. The officers of the corporation or any of them shall from time to time certify to the banks or trust companies in which funds of the corporation are deposited, the signatures of the officers or agents of the corporation so authorized to draw against the same, and such signatures may include the signature of such certifying officer or officers.

SECTION 2. Loans. Such officers or agents of the corporation as from time to time shall be designated by the Board of Directors shall have authority to effect loans, advances or other forms of credit at any time or times for the corporation from such banks or trust companies as the Board of Directors shall from time to time designate, and as security for the repayment of such loans, advances or other forms of credit to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interests, deposits, accounts, documents covering merchandise, bills receivable and other commercial paper and evidences of debt, at any time held by the corporation; and for such loans, advances, or other forms of credit to make, execute and deliver one or more notes, acceptances or other written obligations of the corporation on such terms, and with such provisions as to the securities including the sale or disposition thereof, as such officers or agents shall deem proper; and also to sell to, or discount or rediscount with, such banks or trust companies any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the corporation, and to that end to endorse, transfer and deliver the same. The officers of the corporation or any of them shall from time to time certify the signatures of the officers or agents so authorized, which may include the signature of such certifying officer or officers, to each bank or trust company so designated by the Board of Directors; and each such bank or trust company is authorized to rely upon such certification until written notice of the revocation by the Board of Directors of the authority of such officers or agents shall have been received by such bank or trust company.

ARTICLE VII

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of October in each year and shall end on the thirtieth day of September next following, unless otherwise determined by the Board of Directors.

ARTICLE VIII

CORPORATE SEAL

The corporate seal of the corporation shall consist of two concentric circles, between which shall be the name of the corporation, and in the center shall be inscribed the year of its incorporation and the words, "Corporate Seal, Delaware".

ARTICLE IX

AMENDMENTS

The By-Laws of the Corporation shall be subject to alteration, amendment or repeal and new By-Laws not inconsistent with any provision of the Restated Certificate of Incorporation or statute may be made, either by the affirmative vote of the holders of record of stock representing a majority of the voting power of all classes of stock of the Corporation present in person or by proxy at any annual or special meeting of the Stockholders and entitled to vote thereat, a quorum being present, or by the affirmative vote of a majority of the whole Board, given at any regular or special meeting of the Board, provided that notice of the proposal to so make, alter, amend or repeal such By-Laws be included in the notice of such meeting of the Board or the Stockholders, as the case may be. By-Laws made, altered or amended by the Board may be altered, amended or repealed by the Stockholders at any annual or special meeting thereof.

EMPLOYMENT AGREEMENT

AGREEMENT by and between LEE ENTERPRISES, INCORPORATED, a Delaware corporation (the "Company") and Colleen Birdnow Brown (the "Executive"), dated as of the 1st day of March, 2000 (the "Effective Date").

RECITAL:

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possible occurrence of a Business Combination (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a possible Business Combination and to encourage the Executive's full attention and dedication to the Company currently and in the event of any Business Combination, and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination which ensure that the compensation and benefits expectations of the Executive will be satisfied. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "Contract Period" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date two years after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Contract Period shall be automatically extended so as to terminate one year from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Contract Period shall not be so extended.

(b) "Class B Common Stock" shall mean the Class B common stock, par value \$2.00 per share, of the Company.

(c) "Common Shares" shall mean the shares of Common Stock and Class B Common Stock treated as one class.

(d) "Common Stock" shall mean the common stock, par value \$2.00 per share, of the Company.

2. Business Combination. For the purpose of this Agreement, a "Business Combination" shall mean the consummation of a reorganization, merger or consolidation, or sale or other disposition in one or more transactions within the Contract Period, of all or substantially all of the assets of the Company comprising the "Broadcast Segment" as described in the Company's Annual Report on Form 10-K, excluding KMAZ-TV, El Paso, TX.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period (the "Employment Period") commencing on the Effective Date and ending on the second anniversary of the date on which the Business Combination (or, if more than one, on the date of the last such Business Combination) occurs (the "Closing Date").

4. Terms of Employment. (a) Position and Duties. (i) During the Employment Period, the Executive's position, authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that

any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to the annual base salary payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies as of the Effective Date of this Agreement. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus in cash based upon mutually agreed-upon performance objectives for each fiscal year of the Company during the Employment Period (annualized in the event that the Executive is not employed by the Company for the whole of such fiscal year) (the "Annual Bonus"). Each such Annual Bonus shall be paid in one or more installments during or no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus. The Company and the Executive agree that the Annual Bonus for the fiscal year ending September 30, 2000 shall be the aggregate of (A) \$75,000 and (B) the incentive bonus calculated as described on Appendix 1 to this Agreement.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all stock option and incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of membership or club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation (not less than four (4) weeks) in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment. (a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 13(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), for a period of fifteen (15) days after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties;

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

(iii) the Executive's conviction of a felony under the laws of the United States or any state thereof.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position, authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(iv) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement in connection with the consummation of the Business Combination; or

(v) the requirement that the Executive relocate, move to or work out of a geographic location which is more than 50 miles away than her current location.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the Annual Bonus earned, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the current fiscal year during the Employment Period, if any, multiplied by a fraction, the numerator of which is the number of days in the current fiscal year through the end of the month closest to the Date of Termination, and the denominator of which is 365, and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to either (1) \$570,000 if the Date of Termination occurs on or prior to the Closing Date (except as provided in clause (2) below), or (2) if the Date of Termination occurs after the Closing Date or if the Executive's employment with the Company is terminated prior to the Closing Date, and if it is reasonably demonstrated by the Executive that such termination of employment was at the request of a third-party with whom the Company had previously contracted to effect a Business Combination or otherwise arose in connection with or anticipation of the Business Combination, the sum of the Executive's Annual Base Salary and Annual Bonus payable for the current fiscal year (which Annual Bonus, solely for purposes of this Section 6(a)(i)(B)(2), shall not be less than sixty-three (63%) percent of the Executive's Annual Base Salary) multiplied by two; and

C. an amount equal to the aggregate of the annual contributions payable by the Company under its qualified defined contribution retirement plan and any excess or supplemental retirement plan in which the Executive participates in respect of any payment made under clause (B) of this Section 6(a), assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation is that required by Section 4(b)(i) and Section 4(b)(ii).

(ii) for one year after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until one year after the Date of Termination and to have retired on the last day of such period;

(iii) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services and reimbursement for legal expenses in an amount not to exceed \$10,000, in the aggregate, the scope and provider of which shall be selected by the Executive in her sole discretion; and

(iv) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Incentive Plan. The Company shall vest the Executive fully under the Company's 1990 Long Term Incentive Plan (the "Incentive Plan") in respect of all stock options and restricted stock awards granted, outstanding and unexercised, as if and to the full extent that a "Change of Control" had occurred under the Incentive Plan, if the Executive is entitled to the benefits described in Section 6 (a)(i) above. Such vesting shall occur on the earlier of the Date of Termination or the Closing Date. The Executive shall be entitled to exercise any non-qualified stock options for a period of three (3) years after the date such options shall fully vest.

(c) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(d) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(d) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(e) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) her Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(e), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company or its affiliates to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 9(a), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the present value as of the date of the Business Combination, determined in accordance with Sections 280G(b)(2)(ii) and 280G(d)(4) of the Code (the "Present Value"), of the Payments does not exceed 110% of the greatest Present Value of Payments (the "Safe Harbor Cap") that could be paid to the Executive such that the receipt thereof would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the amounts payable to the Executive under this Agreement shall be reduced to the maximum amount that could be paid to the Executive such that the Present Value of the Payments does not exceed the Safe Harbor Cap. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments under Section 6(a)(i)(B), unless an alternative method of reducing the Payments to the Safe Harbor Cap, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amounts payable hereunder would not result in a reduction of the Present Value of the Payments to the Safe Harbor Cap, no amounts payable under this Agreement shall be reduced pursuant to this provision.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by McGladrey & Pullen, LLP, or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of

this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) Unless waived in writing by the Executive, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Special Payments by Lee Enterprises ("Lee"). (a) Stay Bonus. If a Business Combination occurs and Executive chooses to remain in the employ of Lee following the consummation of the Business Combination, Lee shall pay the Executive an amount equal to the aggregate of (i) \$670,000 and (ii) the Annual Bonus payable to Executive pursuant to Section 4(b)(ii). Fifty (50%) percent of the amount will be payable in cash or Common Stock (valued as described below) as the Executive may elect, within 30 days after the consummation of the Business Combination. The remaining fifty (50%) percent shall be paid by a grant of restricted shares of Common Stock of Lee equal to the quotient of (i) the amount payable to the Executive in the first sentence of this Section, divided by (ii) the average closing price of the Common Stock of Lee for the five (5) business days immediately preceding the Closing Date. In such event this Agreement shall terminate as of the date of receipt of such payment and, upon termination of this Agreement, neither party shall have any obligation to the other under the terms of this Agreement including, without limitation, the provisions of Sections 4 and 6 hereof.

(b) Severance Payment. If a Business Combination occurs and Executive is employed by Lee on the Closing Date of the Business Combination, but does not chose to remain in the employ of Lee under clause (a) above, Lee shall pay the Executive in cash an aggregate amount equal to \$570,000 and the Annual Bonus payable under Section 4(b)(ii) of this Agreement.

13. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Colleen Birdnow Brown
7 Wildhorse Road
Bettendorf, IA 52722

If to the Company:

Lee Enterprises, Incorporated
400 Putnam Building
215 N. Main Street
Davenport, Iowa 52801-1924
Attention: Chairman and CEO

With copy to:

Lane & Waterman
220 N. Main St., Ste. 600
Davenport, Iowa 52801
Attn: C. D. Waterman III

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(iv) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ Colleen Birdnow Brown

Colleen Birdnow Brown

LEE ENTERPRISES, INCORPORATED

By: /s/ Richard D. Gottlieb

Richard D. Gottlieb
Chairman and CEO

APPENDIX 1

1. Aggregate sales price of Broadcast Group	\$525,000,000 or greater 500-524,999,999 400-499,999,999	\$70,000* 60,000 50,000
2. Annual OCF goal	100% or greater 99% 98% less than 98%	\$70,000* 65,000 60,000 50,000
3. Up to \$60,000 will be awarded based on qualitative assessment of sales process by CEO and COO.		\$60,000*
TOTAL BONUS OPPORTUNITY		\$200,000*

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCH 31, 2000 FORM 10-Q OF LEE ENTERPRISES, INCORPORATED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

1,000

6-MOS			
	SEP-30-2000		
	MAR-31-2000		
		38,836	
		0	
		42,455	
		4,476	
		2,383	
	258,188		
		233,048	
		114,749	
		692,923	
65,920			
		185,000	
	0		
		0	
		88,286	
		290,918	
692,923			
		205,412	
	209,660		0
		0	
	162,273		
		0	
	6,143		
		60,938	
		22,805	
	38,133		
		6,012	
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		44,145	
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		.99	