Lee Enterprises Reports Q1 Earnings Growth of 27.5%

January 21, 2003

DAVENPORT, Iowa--(BUSINESS WIRE)--Jan. 21, 2003--Lee Enterprises, Incorporated (NYSE:LEE), reported today that diluted earnings per common share from continuing operations were 51 cents for its first fiscal quarter ended Dec. 31, 2002. This compares with 40 cents in the previous year, an increase of 27.5 percent.

"We had another strong quarter -- with the largest same property revenue gain since December 2000," said Mary Junck, chairman and chief executive officer. "Our growth was fueled by continued improvement in advertising revenue, including the first increase in classified in two years, and excellent performance by the 16 newspapers we acquired in 2002. At the same time, our other newspapers continue to get results from our focus on five top priorities -- driving revenue, improving readership and circulation, emphasizing strong local news, continuing our online growth and exercising careful cost controls."

EBITDA (earnings before interest, taxes, depreciation and amortization) increased 56.5 percent to $49.2 million, with EBITDA margin at 28.9 percent, compared with 29.3 percent a year ago. Revenue increased 58.9 percent to $170.5 million, as acquisitions contributed $63.0 million this year. Operating expenses, excluding depreciation and amortization, increased 59.8 percent to $121.3 million. Operating income, which includes equity in net income of associated companies, depreciation and amortization, increased 44.2 percent. Net income grew

- 27.8 percent to $22.5 million. On a same-property operating basis(1), which excludes the impact of acquisitions and divestitures, total revenue for the quarter ended Dec. 31, 2002, increased 2.7 percent from a year ago. Retail revenue increased 3.6 percent to $57.2 million. Classified advertising increased 1.5 percent to $29.2 million, with employment advertising in the daily newspapers down only 5.1 percent. National advertising, a small category for Lee, decreased 1.1 percent. Total advertising revenue increased 2.7 percent. Circulation revenue increased 0.7 percent. Online revenue increased 42.7 percent.

EMPLOYEE STOCK OPTIONS

In 2003, Lee has begun expensing employee stock option grants. This will reduce 2003 results about 5 to 7 cents per share for the full year and had an impact of one cent per share in the December quarter. Lee has chosen to restate prior years, which will reduce previously reported annual 2002 results by 5 cents. Results for the fiscal quarter ended Dec. 31, 2001, were reduced one cent per share from the previously reported amount of 41 cents.

Tables follow.

Lee Enterprises is based in Davenport, Iowa. It owns 38 daily newspapers and a joint interest in six others, along with associated online services. Lee also owns more than 175 weekly newspapers, shoppers and classified and specialty publications. Its stock is traded on the New York Stock Exchange under the symbol LEE. More information about Lee Enterprises, including revenue statistics for December, is available at www.lee.net.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
Unaudited. (Thousands, Except Per Common Share Data)

	Three Months Ended December 31,		
	2002	2001	%
Operating revenue:		(2)	
Advertising	$118,802	$71,677	65.8
Circulation	33,612	20,422	64.6
Other	18,133	15,261	18.8
	170,547	107,360	58.9
Operating expenses:			
Compensation	68,492	40,484	69.2
Newsprint and ink	14,450	9,777	47.8
Depreciation and amortization	11,371	5,841	94.7
Other	38,357	25,631	49.7
	132,670	81,733	62.3
Operating income, before equity in net income of associated companies	37,877	25,627	47.8
Equity in net income of associated companies	2,218	2,177	1.9

Operating income	40,095	27,804	44.2
Non-operating income (expense), net:			
Financial income	340	2,767	(87.7)
Financial expense	(4,690)	(3,038)	54.4
Other, net	(344)	(307)	--
	(4,694)	(578)	712.1
Income from continuing operations before income taxes	35,402	27,226	30.1
Income tax expense	12,923	9,612	34.5
Income from continuing operations	22,478	17,614	27.6
Discontinued operations	(20)	(37)	--
Net income	$22,458	$17,577	27.8
Earnings per common share:			
Basic:			
Continuing operations	$0.51	$0.40	
Discontinued operations	--	--	
Net income	$0.51	$0.40	
Diluted:			
Continuing operations	$0.51	$0.40	
Discontinued operations	--	--	
Net income	$0.51	$0.40	
Average outstanding shares:			
Basic	44,221	43,976	
Diluted	44,353	44,241	

SELECTED BALANCE SHEET INFORMATION

	December 31,	
	2002	2001
Cash and temporary cash investments	$26,455	$464,919
Total assets	1,460,857	974,440
Debt, including current maturities	381,800	173,400
Stockholders' equity	758,363	694,216

(1) Operating basis includes 100% of the revenue of Madison Newspapers, Inc. (MNI), which for financial reporting purposes is reported using the equity method of accounting. Lee owns 50% of the capital stock of MNI.

(2) Certain amounts as previously reported have been reclassified to conform with the current period presentation. The presentation of equity in net income of associated companies has been revised to exclude those amounts from revenue. Fiscal 2002 amounts have been restated to include expense relating to employee stock options.

The Private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for forward-looking statements. This release contains information that may be deemed forward-looking and that is based largely on the Company's current expectations and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties are changes in advertising demand, newsprint prices, interest rates, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in integration of acquired businesses or maintaining employee and customer relationships and increased capital and other costs. The words "may," "will," "would," "could," "believes," "expects," "anticipates," "intends," "plans," "projects," "considers" and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this release. The Company does not publicly undertake to update or revise its forward-looking statements.

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