LEE ENTERPRISES

Lee Enterprises Amends Credit Terms, Suspends Dividend

October 30, 2008

DAVENPORT, Iowa--(BUSINESS WIRE)--Oct. 30, 2008--In the face of the extraordinary credit crisis and economic downturn, Lee Enterprises, Incorporated (NYSE: LEE), has negotiated with lenders to increase its flexibility in meeting debt obligations. As a result, Lee will facilitate the payment of bank debt through the suspension of its dividend.

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    Key changes to the bank credit agreement include:

    --  Increase in total leverage ratio (as defined) from 5.0:1 to
        6.5:1 through December 2008;

        --  Increasing thereafter to 6.75:1 through September 2009;

        --  Declining thereafter to 6.5:1 through June 2010;

        --  Declining thereafter to 6.25:1 through September 2010; and

        --  Declining thereafter to 4.5:1.

    --  Decrease in interest coverage ratio (as defined) from 2.5:1
        to:

        --  2.0:1 through March 2009;

        --  Declining thereafter to 1.7:1 through September 2009;

        --  Increasing thereafter to 1.8:1 through December 2009;

        --  Increasing thereafter to 1.9:1 through March 2010;

        --  Increasing thereafter to 2.0:1 through September 2010; and

        --  Increasing thereafter to 2.5:1.

    --  Reduction in revolving credit facility from $450 million to
        $375 million. $207 million was drawn at the end of September
        2008.

    --  Elimination of an unused incremental borrowing facility of
        $500 million.

    --  Grant of a security interest in certain tangible and
        intangible assets of Lee.

    --  Reinstatement of dividend and stock repurchase permitted when
        Lee's total leverage ratio is again less than 4.5:1.

    --  Increased pricing. Credit spreads will generally increase 200
        basis points from the current pricing grid. The maximum rate
        (for leverage greater than 6.25:1) will be increased to LIBOR
        plus 400 basis points. At the current leverage level, Lee's
        debt will be priced at LIBOR plus 300 basis points.
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In discussing the changes, Carl Schmidt, Lee vice president, chief financial officer and treasurer, said: "While we expect to be in compliance with our leverage ratio requirement at the end of our 2008 fiscal year in September, the credit agreement included a reduction in the ratio beginning in the December 2008 quarter. Accordingly, given the uncertainty of the current economic environment, we and our lenders believed certain adjustments were appropriate at the present time. It is encouraging that even in a tumultuous credit environment, such amendments can be obtained. Since our acquisition of Pulitzer Inc. in June 2005, we have repaid $463 million of debt and reduced net debt by an even larger $486 million, and these changes, coupled with our ongoing, across-the-board initiatives to reduce costs, should enhance Lee's near-term operating flexibility, while still providing necessary liquidity."

Mary Junck, Lee chairman and chief executive officer, said: "Like others in our industry, we have taken these actions as a result of some of the worst economic conditions in our lifetimes. The continuing housing and credit turmoil, coupled with rising unemployment and tight consumer spending, have inflicted a prolonged toll on advertising revenue and earnings. We remain confident that Lee will emerge strong when the economy improves, but current trends indicate a need for this additional flexibility in meeting our debt obligations. We regret that this additional flexibility comes at the cost of suspending our dividend. The suspension will save $34 million per year, which will be used to reduce debt, as will substantially all cash flows of the business. While debt reduction ultimately benefits stockholders, we look forward to the time when we can reinstate an appropriate dividend."

Lee Enterprises is a premier publisher of local news, information and advertising in primarily midsize markets, with 49 daily newspapers and a joint interest in four others, rapidly growing online sites and more than 300 weekly newspapers and specialty publications in 23 states. Lee's newspapers have circulation of 1.5 million daily and 1.9 million Sunday, reaching more than four million readers daily. Lee's online sites attract 12 million unique visitors monthly, and Lee's weekly publications have distribution of more than 4.5 million households. Lee's markets include St. Louis, Mo.; Lincoln, Neb.; Madison, Wis.; Davenport, Iowa; Billings, Mont.; Bloomington, Ill.; and Tucson, Ariz. Lee stock is traded on the New York Stock Exchange under the symbol LEE.

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 general economic conditions, advertising demand, newsprint and other commodity prices, energy costs, interest rates and availability of credit, 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, increased capital and other costs, competition and other risks detailed from time to time in the Company's publicly filed documents, including the Company Annual Report on Form 10-K for the year ended September 30, 2007. 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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