



## Lee Enterprises updates business outlook, plans more digital subscriptions

March 21, 2012

DAVENPORT, Iowa (March 21, 2012) -- Lee Enterprises, Incorporated (NYSE: LEE) expects revenue trends for the quarter ending March 25, 2012, to be similar to, or slightly better than, the December 2011 quarter, down in the range of 3% to 4%, with operating expenses, excluding depreciation and amortization, decreasing 4% to 5%, resulting in stable operating cash flow<sup>(1)</sup> and operating income.

In remarks prepared for Lee's annual meeting of stockholders this morning, Carl Schmidt, vice president, chief financial officer and treasurer, said operating expenses, excluding depreciation and amortization, for the fiscal year ending September 30, 2012, are expected to decrease 3.5% to 4.5% from the comparable 2011 level, also excluding non-cash impairment charges in the prior year and a 53rd week of business activity in 2012, a significant improvement from previous guidance.

He said the additional week, which will be in September and which last occurred in 2007, will add \$9-10 million to operating expenses for this year only, but it also will add an extra week of revenue, so the impact on cash flow and earnings should be positive.

Schmidt added that debt repayments in the quarter totaling \$30.4 million made in conjunction with, and since the closing of the company's debt refinancing on January 30 will reduce the remaining balance to \$965.5 million.

Also in remarks prepared for the annual meeting, Mary Junck, chairman and chief executive officer, said Lee plans to introduce digital subscriber programs in more Lee markets within the next three months and expects to have paid digital content in most Lee markets by the end of the year.

She said reception of a digital subscriber program at six newspapers in Montana and Wyoming has been good. She said there has been no adverse effect on digital advertising revenue, that the number of unique visits has continued to grow, and that page views have remained strong.

"We're excited about the opportunities we see for digital subscriptions," she said. "No other source can match the wealth of unique and indispensable local news and information that we provide around the clock, day in and day out. We see this development as an important part of our future."

She shared updated market studies showing that Lee's newspapers and digital products reach 82% of the adults in its 12 largest markets over a week, including 80% of people 18-29 years old.

She said mobile and tablet audience growth has been "breathtaking," with page views up 225% in January 2012 compared with a year ago.

She added: "Next week, we're rolling out another major update for our 104 smartphone apps. The update features an improved user interface, new content and new rich-media advertising, with more options for sharing across social media."

The complete presentation will be available later this morning at [lee.net](http://lee.net).

Lee Enterprises is a leading provider of local news and information, and a major platform for advertising, in its markets, with 48 daily newspapers and a joint interest in four others, rapidly growing digital products and nearly 300 specialty publications in 23 states. Lee's newspapers have circulation of 1.3 million daily and 1.7 million Sunday, reaching nearly four million readers in print alone. Lee's websites and mobile and tablet products attracted 22.7 million unique visitors in January 2012. Lee's markets include St. Louis, MO; Lincoln, NE; Madison, WI; Davenport, IA; Billings, MT; Bloomington, IL; and Tucson, AZ. Lee Common Stock is traded on the New York Stock Exchange under the symbol LEE.

(1) Operating cash flow, which is defined as operating income before depreciation, amortization, impairment charges, curtailment gains, and equity in earnings of associated companies, is a non-GAAP (Generally Accepted Accounting Principles) financial measure. No non-GAAP financial measure should be considered as a substitute for any related GAAP financial measure. However, the company believes the use of non-GAAP financial measures provides meaningful supplemental information with which to evaluate its financial performance, or assist in forecasting and analyzing future periods. For further information, please refer to the most recent 10-K or 10-Q filing.

**FORWARD-LOOKING STATEMENTS** -- The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This news release contains information that may be deemed forward-looking that is based largely on our current expectations, and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties, which in some instances are beyond our control, are our ability to generate cash flows and maintain liquidity sufficient to service our debt, comply with or obtain amendments or waivers of the financial covenants contained in our credit facilities, if necessary, and to refinance our debt as it comes due. Other risks and uncertainties include the impact and duration of continuing adverse economic conditions, changes in advertising demand, potential changes in newsprint and other commodity prices, energy costs, interest rates, availability of credit, labor costs, legislative and regulatory rulings, difficulties in achieving planned expense reductions, maintaining employee and customer relationships, increased capital costs, maintaining our listing status on the NYSE, competition and other risks detailed from time to time in our publicly filed documents. Any statements that are not statements of historical fact (including statements containing the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "plan", "project", "consider" and similar expressions) generally should be considered forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this release. We do not undertake to publicly update or revise our forward-looking statements.

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