FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended September 30, 1997

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

Commission File Number 1-6227

LEE ENTERPRISES, INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	42-0823980
(State of Incorporation)	(I.R.S. Employer Identification No.)

215 N. Main Street, Davenport, Iowa	52801
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (319) 383-2100

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock - $2.00 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of Class	
Class B Common Stock	$2.00 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

State the aggregate market value of voting stock held by nonaffiliates of the registrant as of December 1, 1997. Common Stock and Class B Common Stock, $2.00 par value: $1,132,250,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 1997. Common Stock, $2.00 par value, 33,415,128 shares; and Class B Common Stock, $2.00 par value, 12,028,317 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement dated December 29, 1997 are incorporated by reference in Part III of this Form 10-K.

PART I

Item 1. Business

Item 1(a) Recent business developments. On January 17, 1997 the Company consummated the sale of the capital stock of its graphic arts products subsidiary, NAPP Systems Inc., for approximately $55,900,000, net of selling expenses. For additional information related to the disposition, see Note 2 of the Notes to Financial Statements under Item 8, herein. On September 8, 1997, the Company acquired the capital stock of Southern Utah Media, Inc. (now known as Pacific Northwest Publishing Group, Inc.), Oregon News Media, Inc., and Nevada Media, Inc. ("The Pacific Northwest Group") for approximately $186,000,000. For additional information related to the acquisition, see Note 3 of the Notes to Financial Statements under Item 8, herein.

Item 1(b) Financial information about industry segments. See Note 12 to the Notes to Financial Statements under Item 8, herein.

Item 1(c) Narrative description of business.

PUBLISHING

The Company and its subsidiaries publish the following:

Daily Newspapers:

Herald & Review - Decatur, Illinois
Southern Illinoisian - Carbondale
Illinois Star Courier - Kewanee, Illinois
Quad City Times - Davenport, Iowa
Globe Gazette - Mason City, Iowa
Muscatine Journal - Muscatine, Iowa
The Ottumwa Courier - Ottumwa, Iowa
Winona Daily News - Winona, Minnesota
Billings Gazette - Billings, Montana
The Montana Standard - Butte, Montana
Independent Record - Helena, Montana
Missoulian - Missoula, Montana
Lincoln Journal Star - Lincoln, Nebraska
The Bismarck Tribune - Bismarck, North Dakota
Democrat-Herald - Albany, Oregon
Ashland Daily Tidings - Ashland, Oregon
Corvallis Gazette-Times - Corvallis, Oregon
Rapid City Journal - Rapid City, South Dakota
LaCrosse Tribune - LaCrosse, Wisconsin
Wisconsin State Journal - Madison, Wisconsin
The Journal Times - Racine, Wisconsin

Weekly Newspapers:

Aledo Times Record - Aledo, Illinois
Bettendorf News - Bettendorf, Iowa
Big Fork Eagle - Big Fork, Montana
Mandan News - Mandan, North Dakota
The Plattsmouth Journal - Plattsmouth, Nebraska
Newport News-Times - Newport, Oregon
The Springfield News - Springfield, Oregon
Gresham Outlook - Gresham, Oregon
Cottage Grove Sentinel - Cottage Grove, Oregon
Lebanon Express - Lebanon, Oregon
Sandy Post - Sandy, Oregon

Classified Publications:

- Dandy Dime - Tucson, Arizona
- Prescott Sun - Prescott, Arizona
- The Town Crier - Aledo, Illinois
- The Atkinson-Annawan News - Atkinson, Illinois
- Prairie Shopper - Decatur, Illinois
- Henry County Advertiser - Geneseo, Illinois
- Thrifty Nickel - East Moline, Illinois
- The Gateway Express - Clinton, Iowa
- The Advertiser - Davenport, Iowa
- Winnebago/Hancock Shopper - Forest City, Iowa
- Mason City Shopper - Mason City, Iowa
- The Post - Muscatine, Iowa
- Wapello County Shopper - Ottumwa, Iowa
- Thrifty Nickel - Billings, Montana
- Yellowstone Shopper - Billings, Montana
- Mini Nickel - Bozeman, Montana
- Nickel Saver - Butte, Montana
- Western Shopper - Deer Lodge, Montana
- The Trader - Dillon, Montana
- Consumers Press - Great Falls, Montana
- Life & Times Press, Hamilton, Montana
- The Adit - Helena, Montana
- The Western Montana Messenger - Missoula, Montana
- Pennysaver - Dickinson, North Dakota
- The Finder - Mandan, North Dakota
- Nifty Nickel - Las Vegas, Nevada
- Nickel Ads - Portland, Oregon
- Rapid City Advertiser - Rapid City, South Dakota
- Northern Hills Advertiser - Spearfish, South Dakota
- Pioneer Shopper - St. Geoge, Utah
- Little Nickel - Lynnwood, Washington
- Nickel Saver - Moses Lake, Washington
- Nickel Nik - Spokane, Washington
- Nickel Ads - Wenatchee, Washington
- Buyline - Walla Walla, Washington
- The Foxxy Shopper - LaCrosse, Wisconsin
- Cover Story - Madison, Wisconsin
- Pennysaver - Racine, Wisconsin
- Foxxy Shopper - Sparta, Wisconsin

Specialty Publications and Other Products and Services:

- The Ridge - Aledo, Illinois
- Classic Images - Muscatine, Iowa
- Western Business - Billings, Montana
- Ag Almanac - Great Falls, Montana
- AutoFinder - Missoula, Montana
- Farm & Ranch Guide - Bismarck, North Dakota
- Home Scene - Las Vegas, Nevada
- Las Vegas Showtime - Las Vegas, Nevada
- Nifty Nickel Cars & Trucks - Las Vegas, Nevada
- Tri-State Neighbor - Sioux Falls, South Dakota
- Value Express - Colville, Washington
- Home Buyer's Guide - Spokane, Washington
- Nickel Nik's Wheel Deals - Spokane, Washington
- Nickel Nick's RV Wheel Deals - Spokane, Washington
- Nickel Nik's Truck Deals - Spokane, Washington
- AgriView - Madison, Wisconsin
- The Eastman's Journal - Thermopolis, Wyoming
- Lee Print - Decatur, Illinois
- Lee Direct - Davenport, Iowa
- International Newspaper Network - Big Fork, Montana
- Quality Information Systems - Billings, Montana
- Intermountain Printing and Publishing - Deer Lodge, Montana
- Internet Broadcasting Partners - Portland, Oregon

One daily and Sunday newspaper, The Wisconsin State Journal, and one daily newspaper, The Capital Times, are published in Madison, Wisconsin, both of which are owned by Madison Newspapers, Inc. The Company owns 50% of the outstanding capital stock of Madison Newspapers, Inc. The Company has a contract to furnish the editorial and news content for The Wisconsin State Journal, which is a morning newspaper published seven days each week. The Capital Times Company, of which the Company owns 17% of the nonvoting common stock, owns the other 50% of the outstanding capital stock of Madison Newspapers, Inc., and has a similar contract to furnish the editorial and news content for The Capital Times, which is an afternoon newspaper published daily, except Sunday. Both newspapers are produced in the printing plant of Madison Newspapers, Inc., which maintains common advertising, circulation, delivery and business departments for the two newspapers. The Company is compensated for supplying the editorial and news content. In the newspaper field and rating services The Wisconsin State Journal is classified as one of the Lee Group of newspapers.

The basic raw material of newspapers, classified and specialty publications is newsprint. The Company and its subsidiaries purchase newsprint from U.S. and Canadian producers. The Company believes it will continue to receive a supply of newsprint adequate to its needs. Newsprint prices are volatile and fluctuate based upon factors which include both the foreign and domestic production capacity and consumption. The price fluctuations can have a significant effect on the results of operations.

Publishing revenue has traditionally been highest in the quarter ended December 31 and, likewise, has been lowest in the quarter ended March 31.

The Company's newspapers, classified and specialty publications compete with newspapers having national or regional circulation, magazines, radio, television, other advertising media such as billboards, classified and specialty publications and direct mail, as well as other information content providers such as on-line services. In addition, many of the Company's daily and Sunday newspapers compete with other newspapers in nearby cities and towns.

BROADCASTING

The Company and its subsidiaries own and operate the following television stations:

Station	Nielsen DMA Market Ranking
ABC Affiliate, KGUN-TV - Tucson, Arizona	78
CBS Affiliates:	
KOIN-TV - Portland, Oregon	24
KRQE-TV - Albuquerque, New Mexico	48 (1)
KGMB-TV - Honolulu, Hawaii	71 (2)
KMTV - Omaha, Nebraska	74
NBC Affiliates:	
WSAZ-TV - Huntington-Charleston, West Virginia	57
KSNW-TV - Wichita, Kansas	65 (3)
KSNT-TV - Topeka, Kansas	139
UPN Affiliate, KMAZ-TV - El Paso, Texas	99 (4)
UPN Affiliate, KASY-TV - Albuquerque, New Mexico (operating under local marketing agreement)	48

(1) Combined DMA rank. KRQE-TV also operates stations KBIM-TV, Roswell, New Mexico and KREZ-TV, Durango, Colorado.

(2) KGMB-TV also operates stations KGMD-TV, Hilo, Hawaii and KGMV-TV, Maui, Hawaii.

(3) KSNW-TV also operates stations KSNG-TV, Garden City, Kansas; KSNC-TV, Great Bend, Kansas; and KSNK-TV, Oberlin, Kansas/McCook, Nebraska.

(4) KZIA-TV changed its call letters to KMAZ-TV effective October 31, 1997. Affiliation will change to Telemundo (providing Spanish language programming) effective January 15, 1998.

Broadcasting revenue has traditionally been highest in the quarter ended December 31 and, likewise, has been lowest in the quarter ended March 31.

The Company's television stations compete with other over-the-air broadcast television stations, direct broadcast satellite ("DBS") and cable television, radio companies, other advertising media such as newspapers, magazines and billboards, as well as other information content providers such as on-line services. Competition in the television broadcasting industry occurs primarily in individual market areas. Generally, a television station in one market does not compete with other stations in other market areas, nor does a group of stations, such as those owned by the Company, compete with any other group of stations as such. DBS and cable television systems in the Company's broadcasting markets operate on a subscriber payment basis and compete by importing out-of-market television signals or by originating programming to the extent permitted or required by present or future rules of the Federal Communications Commission ("FCC").

The Company's television broadcasting operations are subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the "Act"). The Act empowers the FCC, among other things, to issue, revoke or modify broadcasting licenses, to assign frequency bands, to determine the location of stations, to regulate the apparatus used by stations, to establish areas to be served, to adopt regulations necessary to carry out the provisions of the Act and to impose penalties for violation of such regulations. Television licenses are granted for a maximum period of five years and, upon application, may be renewed for additional five-year terms. The FCC is required to hold a hearing on a renewal application if a substantial and material question of fact is raised with respect to the renewal application, or if for any reason the FCC is unable to find that the grant of the renewal application would serve the public interest, convenience and necessity. Renewal of the Company's television licenses has never been denied and all such licenses are now in full force and effect.

OTHER MATTERS

In the opinion of management, compliance with present statutory and regulatory requirements respecting environmental quality will not necessitate significant capital outlays, or materially affect the earning power of the business of the Company, or cause material changes in the Company's business, whether present or intended.

In September 1997, the Company, its subsidiaries and associated companies had approximately 6,100 employees, including approximately 2,000 part-time employees.

Item 2. Properties

The Company's executive offices are located in facilities leased at 215 North Main Street, Davenport, Iowa.

All of the printing plants (except Madison) are owned by the Company. All printing plants (including Madison) are well maintained, are in good condition, and are suitable for the present office and publishing operations. Upon completion of the planned production facility expansion in Lincoln, Nebraska, the Company believes all plants will be adequately equipped with typesetting, printing and other required equipment.

All offices, studios, and transmitter buildings of the broadcasting divisions are owned or subject to long-term lease by the Company. All of the television properties are adequately equipped for present operations, and are in good condition and repair. See Item 7 "Management Discussion and Analysis of Financial Condition and Results of Operation - Liquidity, Capital Resources and Commitments" for a discussion of the implementation of digital television service. Network television programs are received via satellite.

Item 3. Legal Proceedings

Not applicable.

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

Not applicable.

Executive Officers of the Company

The following table shows the names and ages of all executive officers of the Company, the period of service for each with the Company, the period during which each has held his present office and the office held by each.

Name	Age	Period of Service With Company	Period In Present Office	Present Office
Richard D. Gottlieb	55	34 years	6 years	President and Chief Executive Officer
Ronald L. Rickman	59	38 years	1 month	President - Publishing Group
Gary N. Schmedding	59	25 years	1 month	President - Broadcast Group Group
Larry L. Bloom	48	4-1/2 years	4-1/2 years	Senior Vice President - Finance, Treasurer, and Chief Financial Officer
Greg R. Veon	45	21 years	2 years	Vice President - Marketing
Richard F. Anderson	59	1 month	1 month	President - The Pacific Northwest Group
Vytenis P. Kuraitis	49	3 years	1 year	Vice President - Human Resources
Charles D. Waterman, III	51	8 years	8 years	Secretary
George C. Wahlig	50	8 years	5 years	Vice President - Finance and Chief Accounting Officer
Gregory P. Schermer	43	9 years	1 month	Vice President - Interactive Media

Ronald L. Rickman was elected President - Publishing Group in November 1997. For more than five years prior thereto he was Vice President - Publishing Group.

Gary N. Schmedding was elected President - Broadcast Group in November 1997. For more than five years prior thereto he was Vice President - Broadcast Group.

Larry L. Bloom was elected Vice President - Finance, Treasurer and Chief Financial Officer in June 1993 and Senior Vice President - Finance in November 1997. For more than five years prior thereto he was in financial management positions with the New York Daily News, most recently serving as Senior Vice President and Chief Financial Officer.

Greg R. Veon was elected a Vice President - Marketing in November 1995; from 1992 through November 1995 he was Vice President and General Manager of KOIN-TV, Portland, Oregon; for more than 2 years prior thereto he was publisher of the Herald & Review, Decatur, Illinois.

Richard F. Anderson was elected President - The Pacific Northwest Group in November 1997; from 1992 through September 1997 he was General Manager and President of The Pacific Northwest Publishing Group for Capital Cities/ABC, Inc.

Vytenis P. Kuraitis was elected Vice President - Human Resources in January 1997. From August 1994 through January 1997 he was Director of Human Resources. For more than two years prior thereto, he was the National Practice Director for Executive Compensation for AON.

Charles D. Waterman, III was elected Secretary of the Company in November 1989. He is presently, and for more than the past five years has been, a partner in the law firm of Lane & Waterman, Davenport, Iowa, general counsel of the Company.

George C. Wahlig was elected Vice President - Finance in November 1997; from November 1992 through November 1997 he was, and continues to be, Chief Accounting Officer for the Company.

Gregory P. Schermer was elected a Vice President - Interactive Media in November 1997; from 1992 through November 1997 he was, and continues to serve as, corporate counsel for the Company.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

COMMON STOCK PRICES AND DIVIDENDS

Lee Common Stock is listed on the New York Stock Exchange. Lee Class B Common Stock was issued to stockholders of record of the Company in 1986 pursuant to a 100% stock dividend and is converted at sale or the option of the holder into Lee Common Stock. The table below shows the high and low prices of Lee Common Stock for each quarter during the past three years, the closing price at the end of each quarter and the dividends paid per share.

	Quarter			
	4th	3rd	2nd	1st
STOCK PRICES				
1997:				
High	$ 29-1/8	$ 27	$ 25-1/8	$ 23-5/8
Low	25	22-3/8	22-3/8	21
Closing	28-3/8	26-3/8	24-1/4	23-1/4
1996:				
High	23-5/8	24-3/8	22-3/4	23
Low	19-3/4	20-1/2	20	19-11/16
Closing	22-7/8	23-5/8	21-1/8	23
1995:				
High	21-11/16	19-5/16	18-3/8	17-3/8
Low	18-1/8	17-7/16	16-13/16	15-7/8
Closing	21-11/16	19-1/16	17-3/4	17-1/4
DIVIDENDS PAID				
1997	$ 0.13	$ 0.13	$ 0.13	$ 0.13
1996	0.12	0.12	0.12	0.12
1995	0.11	0.11	0.11	0.11

For a description of the relative rights of Common Stock and Class B Common Stock, see Note 7 of the Notes to Financial Statements under Item 8 herein.

At September 30, 1997, the Company had 3,982 holders of Common Stock and 2,432 holders of Class B Common Stock.

Item 6. Selected Financial Data

FIVE YEAR FINANCIAL PERFORMANCE

Year Ended September 30:	1997	1996	1995	1994	1993
	(In Thousands Except Per Share Data)				
OPERATIONS					
Operating revenue	$446,686	$427,369	$383,740	$341,241	$314,600
Income from continuing operations	$ 62,745	$ 53,670	$ 52,232	$ 45,137	$ 36,923
Discontinued operations ..	--	7,725	6,227	5,717	4,313
Gain (loss) on disposition of discontinued operations	1,485	(15,948)	--	--	--
Net income	$ 64,230	$ 45,447	$ 58,459	$ 50,854	$ 41,236
PER SHARE AMOUNTS					
Weighted average shares	47,312	47,991	46,962	46,850	46,920
Income from continuing operations	$ 1.33	$ 1.12	$ 1.11	$ 0.97	$ 0.79
Discontinued operations ..	--	0.16	0.13	0.12	0.09
Gain (loss) on disposition of discontinued operations	0.03	(0.33)	--	--	--
Net income	$ 1.36	$ 0.95	$ 1.24	$ 1.09	$ 0.88
Dividends	$ 0.52	$ 0.48	$ 0.44	$ 0.42	$ 0.40
OTHER DATA					
Total assets	$650,963	$527,416	$559,929	$474,701	$482,317
Debt, including current maturities	203,735	95,503	123,489	130,532	160,214
Stockholders' equity	319,390	324,954	311,042	241,930	223,482

Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements. The Company has attempted to identify forward-looking statements by placing an asterisk immediately following the sentence or phrase that contains the forward-looking statement.

Operating results are summarized below:

	1997	1996	1995
	(Dollars in Thousands, Except Per Share Data)		
Operating revenue	$446,686	$427,369	$383,740
Percent change	4.5%	11.4%	12.5%
Income before depreciation, amortization, interest and taxes (EBITDA)*	132,455	122,540	112,871
Percent change	8.1%	8.6%	7.4%
Operating income	104,151	94,741	91,405
Percent change	9.9%	3.6%	8.4%
Income from continuing operations	62,745	53,670	52,232
Percent change	16.9%	2.8%	15.7%
Earnings per share, continuing operations	1.33	1.12	1.11
Percent change	18.8%	0.9%	14.4%

* EBITDA is not a financial performance measurement under generally accepted accounting principles (GAAP), and should not be considered in isolation or 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.

The fiscal 1997 comparisons are not significantly affected by the September 8, 1997 acquisition of The Pacific Northwest Group. The $186,000,000 purchase price was paid in cash from bank lines of credit and the Company's cash reserves. The Pacific Northwest Group publishes eight daily and weekly newspapers geographically clustered in Oregon's Willamette Valley and classified publications in eight markets in the states of Washington, Oregon, Nevada, and Utah. For additional information related to this acquisition, see Note 3 of the Notes to Consolidated Financial Statements under Item 8, herein.

The fiscal 1996 comparisons are affected by two significant acquisitions. On March 31, 1995 Lee acquired the 50.25% interest in Journal-Star Printing Co. (JSPC) not previously owned, making JSPC a wholly-owned subsidiary. On August 28, 1995, Lee acquired the stock of SJL of Kansas Corp. (SJL) which operates NBC network-affiliated television stations KSNW-TV and KSNT-TV in Wichita and Topeka, Kansas and three satellite stations that comprise a network covering all of western Kansas and parts of southwest Nebraska.

The following unaudited pro forma operating results are as if the acquisitions had occurred on October 1, 1995.

	1997	1996
	(Pro Forma Dollars in Thousands, Except Per Share Data)	
Operating revenue	$494,764	$476,714
Percent change	3.8%	
Income before depreciation, amortization, interest and taxes	146,850	136,118
Percent change	7.9%	
Operating income	111,488	100,812
Percent change	10.6%	
Income from continuing operations	60,224	49,920
Percent change	20.6%	
Earnings per share, continuing operations	1.27	1.04
Percent change	22.1%	

PUBLISHING

	1997	1996	1995
	(Dollars in Thousands)		
Operating revenue	$318,441	$302,564	$274,877
Percent change	5.2%	10.1%	14.0%
Operating income:			
Wholly-owned properties	88,865	75,687	68,366
Percent change	17.4%	10.7%	3.8%
Equity in net income	7,756	7,008	8,277
Percent change	10.7%	(15.3)%	(18.5)%
Operating margin, wholly-owned properties	27.9%	25.0%	24.9%

The publishing segment includes newspapers, classified and specialty publications. Operating revenue consists of the following:

	1997	1996	1995
	(Dollars in Thousands)		
Daily newspapers:			
Advertising	$179,822	$169,151	$153,325
Percent change	6.3%	10.3%	14.1%
Circulation	80,522	79,814	72,863
Percent change	0.9%	9.5%	9.9%
Other	58,097	53,599	48,689
Percent change	8.4%	10.1%	20.4%

Exclusive of The Pacific Northwest Group acquisition, advertising revenue increased 6.0%, circulation revenue increased .7%, and other revenue increased 3.8% in 1997.

Exclusive of the JSPC acquisitions, advertising revenue increased 1.8% and 5.1%, circulation revenue increased 4.9% and 3.8%, and other revenue increased by 9.3% and 15.1%, in 1996 and 1995, respectively.

The following daily newspaper advertising lineage, circulation volume statistics, and related revenue results are presented on a pro forma basis for daily newspapers wholly owned at the end of fiscal 1997.

Changes in advertising units for classified and local advertising, which account for more than 70% of newspaper advertising revenue, are as follows:

ADVERTISING LINEAGE, IN THOUSANDS OF INCHES (PRO FORMA):

	1997	1996	1995
Classified	4,252	4,067	4,076
Percent change	4.5%	(0.2)%	2.5%
Local	5,630	5,697	5,830
Percent change	(1.2)%	(2.3)%	(1.9)%

Classified advertising revenue increased approximately 9.7% in 1997, 6.5% in 1996, and 9.7% in 1995. The average rate realized increased 5.0% in 1997, 6.8% in 1996, and 7.0% in 1995. In 1997 significant growth in employment advertising offset softness in automotive and other advertising. In 1996 automotive advertising decreased until late in the fiscal year. In 1995 growth was led by increases in employment, private party and, in the first part of the year, automotive advertising.

Local "run-of-press" advertising represents advertising by merchants in the local community which is printed in the newspaper, rather than "preprints", which are printed separately by the Company or others and inserted into the newspaper. Revenue increased 3.1%, 3.1%, and 1.9% in 1997, 1996, and 1995, respectively, on higher average rates despite decreases in advertising inches.

Total revenue realized from local and national merchants is increasing despite the shift from run-of-press advertising to preprints which have lower-priced, higher-volume distribution rates.* Preprint revenue increased 5.2% in 1997, was flat in 1996 due to cutbacks by advertisers during the 1995 holiday season, and increased 5.7% in 1995.

In 1997, 1996, and 1995 circulation revenue increased .8%, 3.8%, and 3.8% as a result of higher rates, which offset volume decreases of (2.3%), (1.7%), and (1.2%), respectively.

Other revenue consists of revenue from weekly newspapers, classified, specialty publications, 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. and, through March 31, 1995, with Journal-Star Printing Co.

Other revenue by category and by property is as follows:

	1997	1996	1995
	(In Thousands)		
Weekly newspapers, classified and specialty publications:			
Properties owned for entire period	$20,015	$19,322	$19,390
Acquired since September 30, 1994	5,768	2,913	1,675
Commercial printing:			
Properties owned for entire period	14,020	14,199	11,799
Acquired since September 30, 1994	1,954	1,680	781
Products delivered outside the newspaper:			
Properties owned for entire period	7,127	6,896	6,389
Acquired since September 30, 1994	1,237	1,022	229
Editorial service contracts	7,976	7,567	8,426
	$58,097	$53,599	$48,689

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

	1997	1996	1995
Revenue	100.0%	100.0%	100.0%
Compensation costs	34.0	33.8	34.4
Newsprint and ink	9.7	12.7	11.6
Other operating expenses	23.4	23.6	24.5
	67.1	70.1	70.5
Income before depreciation, amortization, interest and taxes	32.9	29.9	29.5
Depreciation and amortization	5.0	4.9	4.6
Operating margin wholly-owned properties	27.9%	25.0%	24.9%

Exclusive of the effects of the 1997 acquisitions, in 1997 costs other than depreciation and amortization decreased (.5%). Newsprint and ink costs decreased (20.9%) due to lower prices for newsprint. Prices were lower in all four quarters of 1997 as compared to the same quarters of 1996; however, after decreases in the first and second quarters, prices increased in the third and fourth quarters of 1997. Newsprint consumption was flat in 1997 as compared to 1996. Compensation costs increased 4.4% as a result of salary increases. Other operating costs increased 3.7% due to normal inflationary increases.

Exclusive of the effects of the 1995 acquisitions, in 1996 costs other than depreciation and amortization increased 3%. Newsprint and ink costs increased 9.4% due to price increases for newsprint. High prices during the first two quarters of the fiscal year stabilized during the third quarter and were lower in the fourth quarter of 1996 than the fourth quarter of 1995. Newsprint consumption was flat in 1996 as compared to 1995, as higher consumption for commercial printing was offset by conservation efforts by the newspapers. Compensation costs increased 4% due primarily to salary increases. Other operating costs did not increase significantly.

Exclusive of the effects of acquisitions, in 1995 costs other than depreciation and amortization increased 8.2%. Newsprint and ink costs increased 32.1% as price increases offset the 1.4% reduction in newsprint usage. Compensation costs increased 5.2% primarily as a result of salary increases. Other operating expenses increased by 4.9% due to normal inflationary increases.

BROADCASTING

	1997	1996	1995
	(Dollars in Thousands)		
Operating revenue	$120,489	$117,797	$100,586
Percent change	2.3%	17.1%	11.8%
Operating income	22,262	22,953	26,934
Percent change	(3.0)%	(14.8)%	25.3%
Operating margin	18.5%	19.5%	26.8%

Revenue for 1997 increased $2,692,000, 2.3%. Local/regional/national revenue increased $1,342,000 while political advertising decreased $244,000. Production revenue increased $562,000 due to the addition of a second mobile production facility at MIRA Productions in Portland, Oregon, and revenues from other services increased $913,000.

In 1996, exclusive of the SJL acquisition, operating revenue decreased .6%. Local/regional/national revenue decreased $2,600,000, due to softness in automotive and retail spot buying. Political advertising increased $1,000,000. Production revenue increased $760,000, primarily due to a new mobile production facility at MIRA Productions in Portland, Oregon.

Exclusive of the effects of the SJL acquisition, operating revenue increased 10.1% in 1995. Local/regional/national revenue increased $4,600,000, political advertising increased $1,700,000, and network compensation increased $1,900,000.

The following table sets forth the percentage of revenue of certain items in the broadcasting segment.

	1997	1996	1995
Revenue	100.0%	100.0%	100.0%
Compensation costs	41.8	39.5	37.1
Programming costs	6.6	7.9	6.2
Other operating expenses	23.4	22.6	21.8
	71.8	70.0	65.1
Income before depreciation, amortization, interest and taxes	28.2	30.0	34.9
Depreciation and amortization	9.7	10.5	8.1
Operating margin wholly-owned properties	18.5%	19.5%	26.8%

Operating income decreased in 1997 by $691,000. Compensation costs increased $3,898,000, 8.4% due to an increase in the number of hours worked and an increase in the average hourly rate. Programming costs decreased by $1,344,000, (14.5%), due to decreased amortization from programs amortized on an accelerated basis offset in part by a $400,000 write-down of programming at KMAZ-TV El Paso due to the January 1998 conversion to a Telemundo affiliate providing Spanish language programming. Other operating expense increased 5.8% due to the rental of two news helicopters in 1997 and increased outside services. The primary driver of the outside services increase is MIRA Productions, which uses contract labor and rental equipment for special projects.

Exclusive of the effects of the SJL acquisition, operating income decreased by $6,500,000 or 23.8% in 1996. Compensation costs increased by 5.1% primarily due to a 6.9% increase in hours worked, mainly due to expanded operations at our New Mexico locations. Programming costs increased by $2,000,000, 31.8% as a result of the addition of highly-rated syndicated programming and the write-down of certain programming to net realizable value. Other operating costs increased 4.2% due to higher expenditures for repairs and maintenance and sales and audience promotion.

Exclusive of the effects of the SJL acquisition, operating income increased by $5,700,000 or 26.7% in 1995. Compensation costs increased 4.6% primarily due to increased hours worked. Programming costs decreased by $530,000 (8.0%) as a result of a shift from more expensive syndicated programming to locally originated news programming. Other operating expense increased 10.3% due to costs related to the higher business activity levels and sales and audience promotion.

CORPORATE

Corporate costs in 1997 increased by $3,800,000, 35.1% as a result of increased marketing costs and the enhancement of computer software. The Company expects to complete year 2000 modifications of software in fiscal year 1998. The costs of modifications for the year 2000 are not significant.

Corporate costs in 1996 decreased by $1,300,000, (10.4%) primarily due to decreased levels of incentive compensation and lower medical plan costs resulting from a 1995 plan redesign. Corporate costs decreased in 1995 by $1,100,000, (8.1%) primarily due to the discontinuance of performance unit awards under the Company's 1990 Long-Term Incentive Plan.

INTEREST EXPENSE

Interest expense decreased by approximately $1,300,000 in 1997, $2,300,000 in 1996, and $1,700,000 in 1995. The most significant element of the decrease was a lower debt level which reduced interest expense by approximately $1,500,000, $2,400,000, and $2,000,000, respectively. 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 $1,700,000, $600,000, and $500,000 in 1997, 1996, and 1995 as a result of these arrangements.

INCOME TAXES

Income taxes were 38.0% of pretax income in 1997, 38.8% in 1996, and 37.2% in 1995. In 1995 the effective tax rate was decreased by .9% as a result of the elimination of the deferred income taxes related to the undistributed income of the 49.75% interest in JSPC owned by the Company.

DISCONTINUED OPERATIONS

On January 17, 1997, the Company consummated the sale of the capital stock of its graphic arts products subsidiary, NAPP Systems Inc., for approximately $55,900,000, net of selling expenses.

The results for NAPP Systems Inc.'s operations have been classified as discontinued operations for all periods presented in the consolidated statements of income. The assets and liabilities of discontinued operations have been classified in the consolidated balance sheet as "net assets of discontinued operations" as of September 30, 1996. For the year ended September 30, 1996 the Company recorded an after-tax charge of $15,948,000 which included estimated earnings and dividends through the closing date. For the year ended September 30, 1997, the Company recorded an after-tax gain of $1,485,000 due to higher than estimated earnings and dividends through the closing date. For additional information related to the disposition, see Note 2 of the Notes to Consolidated Financial Statements under Item 8, herein.

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Cash provided by operations generated $97,546,000 in 1997. As of September 30, 1997, the Company had $55,000,000 available under its $200,000,000 revolving credit arrangement with banks. The major sources and uses of cash in 1997 were as follows:

	(In Thousands)
Sources of cash:	
Operations	$ 97,546
Short-term borrowings	130,000
Proceeds from sale of subsidiary	54,795
All other	4,033
	286,374
Uses of cash:	
Acquisitions	188,689
Purchase of property and equipment	16,342
Cash dividends paid	24,173
Purchase of Lee Enterprises, Incorporated stock	41,055
Payment of debt	21,219
	291,478
(Decrease) in cash	$ (5,104)

The Company finances significant acquisitions by long-term borrowings. The Company anticipates new long-term borrowings of $150,000,000 in 1998 related to The Pacific Northwest Group acquisition.*

Recurring capital expenditures for new and improved facilities and equipment are expected to be about $18,000,000 in 1998.* The FCC has begun adopting rules and proposing others to implement digital television ("DTV") service which includes high definition television systems. Implementation of DTV service will impose substantial additional costs on television stations to provide the new service due to increased equipment costs. KOIN-TV in Portland, Oregon is presently required by the FCC to broadcast a digital TV signal by November 1999. The Company plans to start construction of a new tower and transmitter building for KOIN-TV in 1998 at a cost of approximately $2,500,000. The Company has not completed its assessment of the balance of the capital expenditures required or the benefits to the Company of converting to DTV. Consequently, the Company cannot at this time predict the impact this conversion will have on liquidity, capital resources, and results of operations.

The Company also is developing plans for a new production facility for the Journal-Star in Lincoln, Nebraska. The total cost is expected to be in excess of $20,000,000. The development is expected to take approximately 24 months and commence in fiscal 1998. The Company anticipates that funds necessary for capital expenditures and other requirements will be available from internally generated funds and the Company's revolving credit agreements.*

DIVIDENDS AND COMMON STOCK PRICES

The current quarterly cash dividend is 14 cents per share, an annual rate of 56 cents.

During the fiscal year ended September 30, 1997, the Company paid dividends of $24,173,000 or 38.5% of 1997's earnings from continuing operations. The Company will continue to review its dividend policy to assure that it remains consistent with its capital demands. Covenants under borrowing arrangements are not considered restrictive to payment of dividends.* Lee Common Stock is listed on the New York Stock Exchange. The table under Item 5 herein shows the high and low prices of Lee Common Stock for each quarter during the past three years. It also shows the closing price at the end of each quarter and the dividends paid in the quarter.

INFLATION

The net effect of inflation on operations has not been material in the last several years because of efforts by the Company to lessen the effect of rising costs through a strategy of improving productivity, controlling costs and, where competitive conditions permit, increasing selling prices.

EMERGING ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 128 "Earnings Per Share". This Statement simplifies the computation of earnings per share and makes the computation more consistent with those of International Accounting Standards. The Statement is effective for periods ending after December 15, 1997. The Company does not expect the adoption of this new standard to significantly impact previously reported earnings per share or earnings per share trends.

In June 1997, the FASB issued Statement No. 130 "Reporting Comprehensive Income" and Statement No. 131 "Disclosures about Segments of an Enterprise and Related Information". Statement No. 130 establishes standards for reporting comprehensive income in financial statements. Statement No. 131 expands certain reporting and disclosure requirements for segments from current standards. The Statements are effective for fiscal years beginning after December 15, 1997 and the Company does not expect the adoption of these new standards to result in material changes to previously reported amounts or disclosures.

QUARTERLY RESULTS

The Company's largest source of publishing revenue, local run-of-press advertising, is seasonal and tends to fluctuate with retail sales in markets served. Historically, local run-of-press advertising is higher in the first and third quarters. Newspaper classified advertising revenue (which includes real estate and automobile ads) and broadcasting revenue are lowest in January and February, which are included in our second fiscal quarter. *

Quarterly results of operations are summarized under Item 8 herein.

Item 8. Financial Statements and Supplementary Data

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

	September 30, 1997	1996	1995
	(Dollars in Thousands)		
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 14,163	$ 19,267	$ 10,683
Temporary investments	--	--	200
Trade receivables, less allowance for doubtful accounts 1997 $4,600; 1996 $4,000; 1995 $4,100	56,960	48,773	57,146
Receivables from associated companies	1,437	1,438	1,438
Inventories	3,716	3,668	18,355
Program rights and other	17,691	17,183	16,687
Net assets of discontinued operations	--	56,379	--
Total current assets	93,967	146,708	104,509
Investments:			
Associated companies	12,185	11,488	10,754
Other	12,506	10,668	8,946
	24,691	22,156	19,700
Property and Equipment:			
Land and improvements	12,994	10,140	12,053
Buildings and improvements	64,937	57,995	64,768
Equipment	194,510	173,752	176,642
	272,441	241,887	253,463
Less accumulated depreciation	152,415	137,182	145,267
	120,026	104,705	108,196
Intangibles and Other Assets:			
Intangibles	404,481	246,061	321,014
Other	7,798	7,786	6,510
	412,279	253,847	327,524
	$650,963	$527,416	$559,929

See Notes to Consolidated Financial Statements.

	September 30,		
	1997	1996	1995
	(Dollars In Thousands)		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Notes payable and current maturities of long-term debt	$177,561	$ 43,213	$ 47,978
Accounts payable	23,429	15,369	24,155
Compensation and other accruals	27,324	20,419	28,431
Income taxes payable	4,754	4,738	2,656
Unearned income	15,840	14,038	13,307
Total current liabilities	248,908	97,777	116,527
Long-Term Debt, net of current maturities	26,174	52,290	75,511
Deferred Items:			
Retirement and compensation	13,948	11,611	11,632
Income taxes	42,543	40,784	45,217
	56,491	52,395	56,849
Stockholders' Equity:			
Capital stock:			
Serial convertible preferred, no par value; authorized 500,000 shares; issued none			
Common, $2 par value; authorized 60,000,000 shares; issued and outstanding 1997 33,359,000 shares	66,719	68,578	68,396
Class B, common, $2 par value; authorized 30,000,000 shares; issued and outstanding 1997 12,149,000 shares	24,298	25,466	26,336
Additional paid-in capital	25,629	20,189	17,404
Unearned compensation	(493)	(637)	(533)
Retained earnings	203,237	211,358	199,439
	319,390	324,954	311,042
	$650,963	$527,416	$559,929

CONSOLIDATED STATEMENTS OF INCOME

	1997	1996	1995
	Year Ended September 30, (In Thousands Except Per Share Data)		
Operating revenue:			
Publishing:			
Daily newspapers:			
Advertising	$179,822	$169,151	$153,325
Circulation	80,522	79,814	72,863
Other	58,097	53,599	48,689
Broadcasting	120,489	117,797	100,586
Equity in net income of associated companies	7,756	7,008	8,277
	446,686	427,369	383,740
Operating expenses:			
Compensation costs	165,547	153,076	137,368
Newsprint and ink	30,906	38,535	31,936
Depreciation	17,175	16,236	11,965
Amortization of intangibles	11,129	11,563	9,501
Other	117,778	113,218	101,565
	342,535	332,628	292,335
Operating income	104,151	94,741	91,405
Financial (income) expense:			
Interest expense	8,321	9,648	11,902
Financial (income)	(5,392)	(2,609)	(3,704)
	2,929	7,039	8,198
Income from continuing operations before taxes on income	101,222	87,702	83,207
Income taxes	38,477	34,032	30,975
Income from continuing operations	62,745	53,670	52,232
Discontinued operations:			
Income from discontinued operations, net of income tax effect	--	7,725	6,227
Gain (loss) on disposition of discontinued operations, net of income tax effect	1,485	(15,948)	--
	1,485	(8,223)	6,227
Net income	$ 64,230	$ 45,447	$ 58,459
Weighted average number of shares	47,312	47,991	46,962
Earnings per share:			
Income from continuing operations	$ 1.33	$ 1.12	$ 1.11
Income (loss) from discontinued operations	0.03	(0.17)	0.13
Net income	$ 1.36	$ 0.95	$ 1.24

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Year Ended September 30,					
	Amount			Shares		
	1997	1996	1995	1997	1996	1995
	(In Thousands Except Per Share Data)					
Common Stock:						
Balance, beginning	$ 68,578	$ 68,396	$ 32,130	34,289	34,198	32,130
Conversion from Class B Common Stock	1,131	862	252	565	431	252
Stock split	--	--	34,198	--	--	--
Shares issued	474	404	3,508	237	202	3,508
Shares reacquired	(3,464)	(1,084)	(1,692)	(1,732)	(542)	(1,692)
Balance, ending	$ 66,719	$ 68,578	$ 68,396	33,359	34,289	34,198
Class B Common Stock:						
Balance, beginning	$ 25,466	$ 26,336	$ 13,390	12,733	13,168	13,390
Conversion to Common Stock	(1,131)	(862)	(252)	(565)	(431)	(252)
Stock split	--	--	13,168			
Shares issued	--	--	38	--	--	38
Shares reacquired	(37)	(8)	(8)	(19)	(4)	(8)
Balance, ending	$ 24,298	$ 25,466	$ 26,336	12,149	12,733	13,168
Additional Paid-In Capital:						
Balance, beginning	$ 20,189	$ 17,404	$ 6,497			
Shares issued	5,440	2,785	58,273			
Common Stock split	--	--	(47,366)			
Balance, ending	$ 25,629	$ 20,189	$ 17,404			
Unearned Compensation:						
Balance, beginning	$ (637)	$ (533)	$ (665)			
Restricted shares issued	(405)	(637)	(496)			
Restricted shares canceled	59	4	24			
Amortization	490	529	604			
Balance, ending	$ (493)	$ (637)	$ (533)			
Retained Earnings:						
Balance, beginning	$211,358	$199,439	$190,578			
Net income	64,230	45,447	58,459			
Cash dividends per share 1997 $.52; 1996 $.48; 1995 $.44	(24,173)	(22,603)	(20,295)			
Shares reacquired	(48,178)	(10,925)	(29,303)			
Balance, ending	$203,237	$211,358	$199,439			
Stockholders' Equity	$319,390	$324,954	$311,042	45,508	47,022	47,366

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30, 1997	1996	1995
	(In Thousands)		
Cash Provided by Operating Activities:			
Net income	$ 64,230	$ 45,447	$ 58,459
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,581	32,159	25,974
(Gain) loss on disposition of discontinued operations	(1,985)	14,563	
Distributions in excess of (less than) earnings of associated companies	(696)	(734)	206
Change in assets and liabilities, net of effects from business acquisitions:			
(Increase) in receivables	(2,817)	(1,347)	(4,849)
(Increase) decrease in inventories, program rights and other	1,552	768	(4,717)
Increase (decrease) in accounts payable, accrued expenses and unearned income	3,144	(9,446)	6,619
Increase (decrease) in income taxes payable	516	2,067	(10,469)
Other, primarily deferred items	4,021	4,066	1,348
Net cash provided by operating activities	97,546	87,543	72,571
Cash (Required for) Investing Activities:			
Acquisitions	(188,689)	--	(41,609)
Purchase of property and equipment	(16,342)	(18,796)	(17,435)
Purchase of temporary investments	--	(200)	(200)
Proceeds from maturities of temporary investments	--	400	38,859
Proceeds from sale of subsidiary	54,795	--	--
Other	(1,838)	(2,089)	(1,509)
Net cash (required for) investing activities	(152,074)	(20,685)	(21,894)
Cash Provided by (Required for) Financing Activities:			
Purchase of common stock	(41,055)	(11,917)	(30,925)
Cash dividends paid	(24,173)	(22,603)	(20,295)
Proceeds from long-term borrowings	--	--	20,000
Proceeds from short-term notes payable, net	130,000	--	15,000
Principal payments on long-term borrowings	(21,219)	(26,209)	(45,069)
Other	5,871	2,455	2,511
Net cash provided by (required for) financing activities	49,424	(58,274)	(58,778)
Net increase (decrease) in cash and cash cash equivalents	(5,104)	8,584	(8,101)
Cash and cash equivalents:			
Beginning	19,267	10,683	18,784
Ending	$ 14,163	$ 19,267	$ 10,683

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The Company has two principal businesses: publishing and broadcasting. As of September 30, 1997, operating divisions and associated companies publish twenty-one daily and eleven weekly newspapers, thirty-nine classified and twenty-three specialty publications, and operate nine full-service network-affiliated television stations and seven satellite television stations.

Significant Accounting Policies:

Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany items have been eliminated.

Inventories: Newsprint inventories are priced at the lower of cost or market with cost being determined primarily by the last-in, first-out method. Newsprint inventories as of September 30, 1997, 1996, and 1995 were less than replacement cost by $4,856,000, $5,087,000, and $4,896,000, respectively.

Program rights: Cost of program rights is stated at the lower of cost or estimated net realizable value. The total cost of the rights is recorded as an asset and a liability when the program becomes available for broadcast. Cost of program rights is charged to operations primarily on accelerated bases related to the usage of the program. The current portion of program rights represents those rights that will be amortized in the succeeding year.

Investments: Investments in the common stock or joint venture capital of associated companies are reported at cost plus the Company's share of undistributed earnings since acquisition, less amortization of intangibles.

Long-term loans to associated companies are included in investments in associated companies.

Other investments primarily consist of various securities held in trust under a deferred compensation arrangement. These investments are classified as trading securities and carried at fair value with gains and losses reported in the consolidated statements of income.

Property and equipment: Property and equipment is carried at cost. Equipment, except for printing presses and broadcast towers, is depreciated primarily by declining-balance methods. The straight-line method is used for all other assets. The estimated useful lives in years are as follows:

	Years
Buildings and improvements	5-25
Publishing:	
Printing presses	15-20
Other major equipment	3-11
Broadcasting:	
Towers	15-20
Other major equipment	3-10

The Company capitalizes interest as part of the cost of constructing major facilities.

Intangibles: Intangibles include covenants not to compete, consulting agreements, customer lists, broadcast licenses and agreements, newspaper subscriber lists, and the excess costs over fair value of net assets of businesses acquired.

The excess costs over fair value of net tangible assets include $21,510,000 incurred prior to October 31, 1970, which is not being amortized. Excess costs related to specialty publications are being amortized over 10 to 15 year periods. Intangibles, representing non-compete covenants, consulting agreements, customer lists, broadcast licenses and agreements, and newspaper subscriber lists are being amortized over periods of 3 to 40 years. The remaining costs are being amortized over a period of 40 years. All intangibles are amortized by the straight-line method.

The Company reviews its intangibles and other long-lived assets annually to determine potential impairment. In performing the review, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment is recognized. The amount of impairment is measured based upon projected discounted future cash flows using a discount rate reflecting the Company's average cost of funds.

Unearned income: Unearned income arises as a normal part of business from advance subscription payments for newspapers. Revenue is recognized in the period in which it is earned.

Advertising costs: Advertising costs, which are not material, are expensed as incurred.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings per share: Earnings per share are calculated using the weighted average number of common stock, Class B common stock and common stock equivalent shares outstanding resulting from employee stock option and purchase plans.

Cash and cash equivalents: For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less at date of acquisition to be cash equivalents.

Restricted stock: The Company amortizes as compensation cost the value of restricted stock, issued under a long-term incentive plan, by the straight-line method over the three year restriction period.

Note 2. Discontinued Operations

On January 17, 1997 the Company sold the capital stock of its graphic arts products subsidiary, NAPP Systems Inc., for approximately $55,900,000, net of selling expenses. The results for NAPP Systems Inc.'s operations have been classified as discontinued operations for all periods presented in the consolidated statements of income. The assets and liabilities of discontinued operations have been classified in the consolidated balance sheet as "net assets of discontinued operations" as of September 30, 1996.

Summary operating results of discontinued operations are as follows:

	1997	1996	1995
	(In Thousands)		
Revenue	$ --	$65,552	$59,448
Costs and expenses	--	51,040	47,421
Income before income taxes	--	14,512	12,027
Provision for income taxes	--	6,787	5,800
Income, net of tax	--	7,725	6,227
Gain (loss) on disposition before income taxes	1,985	(14,563)	--
Provision for income taxes	500	1,385	--
Gain (loss) on disposition	1,485	(15,948)	--
Income (loss) from discontinued operations	$ 1,485	$(8,223)	$ 6,227

Net assets of discontinued operations as of September 30, 1996 are as follows:

Accounts receivable, net	$ 9,720
Inventories	12,606
Other	206
Property and equipment, net	4,996
Intangibles, net	52,777
Total	80,305
Accrued loss on disposal	14,563
Deferred income taxes	1,104
Other liabilities	6,683
Long-term debt	1,427
Deferred compensation	149
	23,926
Net assets of discontinued operations	$56,379

Note 3. Acquisitions

On September 8, 1997, the Company acquired, for cash, 100% of the outstanding stock of Southern Utah Media, Inc. (now known as The Pacific Northwest Publishing Group, Inc.), Oregon News Media, Inc., and Nevada Media, Inc. (The Pacific Northwest Group). The Pacific Northwest Group publishes daily and weekly newspapers and classified publications. The total acquisition cost was $186,253,000. The excess of the total acquisition cost, over the fair value of the net assets acquired, was $166,916,000.

The acquisition has been accounted for as a purchase, and the results of operations of The Pacific Northwest Group since the date of acquisition are included in the consolidated financial statements.

Unaudited pro forma consolidated results of operations for the years ended September 30, 1997 and 1996, as though The Pacific Northwest Group had been acquired as of October 1, 1995 follows:

	Year Ended September 30,	
	1997	1996
	(In Thousands, Except Per Share Data)	
Operating revenue	$494,764	$476,714
Income from continuing operations	60,224	49,920
Earnings per share, continuing operations	1.27	1.04

The above amounts reflect adjustments for amortization of intangibles, additional depreciation on revalued purchased assets, and imputed interest on borrowed funds.

On March 31, 1995, the Company issued 3,293,000 shares of common stock in exchange for 50.25% of the outstanding shares of Journal-Star Printing Co., a subsidiary which prior to the acquisition was 49.75% owned by the Company. The total acquisition cost over the fair value of the net assets acquired was $40,823,000.

The acquisition was accounted for as a purchase. The results of operations of 100% of the Journal-Star Printing Co. since the date of acquisition are included in the consolidated financial statements. Equity in net income was recorded for the Company's 49.75% interest in income through March 31, 1995.

On August 28, 1995, the Company acquired, for cash, 100% of the outstanding stock of SJL of Kansas Corp., the owner of two television stations in Wichita and Topeka, Kansas. The total acquisition cost was $51,100,000. The excess of the total acquisition cost over the fair value of the net assets acquired was $21,304,000.

The acquisition was accounted for as a purchase, and results of operations of SJL of Kansas Corp. since the date of acquisition are included in the consolidated financial statements.

The Company also acquired five classified or specialty publications in 1997 and four classified or specialty publications and a satellite television station in 1995.

The purchase price of business acquisitions was allocated as follows:

	Year Ended September 30, 1997	1995
	(In Thousands)	
Noncash working capital acquired	$ 2,897	$ 1,723
Property and equipment	16,278	21,484
Intangibles	169,554	108,890
Other long-term assets	10	6,370
Debt assumed	--	(1,871)
Issuance of note payable	(50)	(2,315)
Deferred items	--	(22,682)
Common stock issued	--	(58,250)
Total cash purchase price	188,689	53,349
Less equity interest in cash balance at date of acquisition	--	(11,740)
	$188,689	$ 41,609

Note 4. Investments In Associated Companies

The Company has a 50% ownership interest in Madison Newspapers, Inc., a newspaper publishing company operating in Madison, Wisconsin, and interests in other ventures, including a direct marketing venture and a venture providing Internet assistance to newspapers. The Company had, until March 31, 1995 (see Note 3), an effective 50% ownership interest in Journal-Star Printing Co., a newspaper publishing company in Lincoln, Nebraska.

Summarized financial information of the associated companies is as follows:

Combined Associates	1997	1996	1995
	(In Thousands)		
ASSETS			
Current assets	$ 23,854	$ 23,470	$ 22,873
Investments and other assets	5,700	3,912	3,865
Property and equipment, net	9,730	6,741	6,359
	$ 39,284	$ 34,123	$ 33,097
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities	$ 14,792	$ 11,778	$ 12,180
Long-term debt	435	515	590
Stockholders' equity	24,057	21,830	20,327
	$ 39,284	$ 34,123	$ 33,097
Revenue	$ 79,677	$ 73,016	$ 85,421
Income before depreciation, amortization, interest, and income taxes	26,895	23,663	27,159
Operating income	24,732	21,962	25,104
Net income	15,517	14,016	16,076

Receivables from associated companies consist of dividends. Certain information relating to Company investments in these associated companies is as follows:

	1997	1996	1995
	(In Thousands)		
Share of:			
Stockholders' equity	$ 12,028	$ 10,915	$ 10,164
Undistributed earnings	11,568	10,574	9,946

Note 5. Debt

At September 30, 1997 the Company had $145,000,000 of borrowings under a $200,000,000 unsecured revolving loan agreement with a bank group which terminates in September 1998. Interest rates float at rates specified in the agreement.

The Company has long-term obligations, net of current maturities, as follows:

	September 30, 1997	1996	1995
	(In Thousands)		
Insurance company senior notes payable, effective rate of 9.96%, $25,000,000 due January 1999	$ 25,000	$ 50,000	$ 50,000
Bank term loan	--	--	20,000
Program contracts, noninterest bearing, due through 1999	1,174	2,290	2,763
Other	--	--	2,748
	$ 26,174	$ 52,290	$ 75,511

Aggregate maturities during the next two years are $32,561,000 and $26,174,000. Covenants under these agreements are not considered restrictive to normal operations or anticipated stockholder dividends.

Note 6. Retirement and Compensation Plans

Substantially all the Company's employees are covered by a qualified defined contribution retirement plan. The Company has other retirement and compensation plans for executives and others. Retirement and compensation plan costs, including interest on deferred compensation costs, charged to operations were $10,300,000 in 1997, $11,200,000 in 1996, and $9,200,000 in 1995.

Note 7. Common Stock and Class B Common Stock

Class B Common Stock has ten votes per share on all matters and generally votes as a class with Common Stock (which has one vote per share). The transfer of Class B Common Stock is restricted; however, Class B Common Stock is at all times convertible into shares of Common Stock on a share-for-share basis. Common Stock and Class B Common Stock have identical rights with respect to cash dividends and upon liquidation. All outstanding Class B Common Stock converts to Common Stock when the shares of Class B Common Stock total less than 5,600,000 shares.

Note 8. Stock Option, Restricted Stock, and Stock Purchase Plans

At September 30, 1997, the Company has three stock-based compensation plans which are described below. As permitted under generally accepted accounting principles, grants under those plans are accounted for following APB Opinion No. 25 and related interpretations. Accordingly, no compensation cost has been recognized for grants under the stock option or the stock purchase plans. Had compensation costs for all of the stock-based compensation plans been determined based on the grant date fair values of awards (the method described in FASB Statement No. 123), reported net income and earnings per common share would have been reduced to the pro forma amounts shown below:

	1997	1996
	(Dollars in Thousands, Except Per Share Data)	
Net income:		
As reported	$64,230	$45,447
Pro forma	63,180	44,919
Earnings per share:		
As reported	1.36	0.95
Pro forma	1.34	0.94

The pro forma effects of applying Statement No. 123 are not indicative of future amounts since, among other reasons, the pro forma requirements of the Statement have been applied only to options granted after October 1, 1995.

Stock option and restricted stock plans:

The Company has reserved 5,958,000 shares of common stock for issuance to key employees under incentive and nonstatutory stock option plans and a restricted stock plan approved by stockholders. Options have been granted at a price equal to the fair market value on the date of grant, and are exercisable in cumulative installments over a ten year period. The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions for grants in 1997 and 1996, respectively: dividend rate of 2.22% for all years; price volatility of 16.5%

and 19.5%; risk-free interest rates based upon the life of the option ranging from 5.89% to 6.67% and 5.46% to 6.55%; and expected lives based upon the life of the option ranging from 3.1 to 8 years and 4.9 to 8 years.

A summary of the stock option plans is as follows:

	Number of Shares 1997	1996	1995
	(In Thousands)		
Under option, beginning of year	2,279	2,220	2,406
Granted	155	241	192
Terminated and canceled	(8)	(3)	(10)
Exercised	(917)	(179)	(368)
Under option, end of year	1,509	2,279	2,220
Options exercisable, end of year	1,192	1,861	1,778

	Average Price 1997	1996	1995
Granted during the year	$ 22.20	$ 19.96	$ 16.66
Exercised during the year	13.64	12.64	11.45
Under option, end of year	15.82	14.52	13.79
Weighted-average fair value per option of options granted	5.71	5.47	

A further summary of options outstanding as of September 30, 1997 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding (In Thousands)	Weighted- Weighted- Average Remaining Contractual Life (In Years)	Weighted- Average Exercise Price	Number Exercisable (In Thousands)	Weighted- Average Exercise Price
$11 to $14	422	3.2	$ 11.51	422	$ 11.51
$15 to $20	928	5.5	16.71	727	16.14
$20 to $24	140	8.0	21.50	26	21.49
$24 to $26	16	5.0	25.60	15	25.58
$28 to $29	3	3.8	28.69	2	28.70
	1,509	5.0	15.82	1,192	14.77

Restricted stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment within three years of the grant date for reasons other than normal retirement, death or disability. In 1997, 1996, and 1995, the Company granted 18,000, 32,000, and 69,000 shares, respectively, of restricted stock to employees. As of September 30, 1997, 96,000 shares of restricted stock were outstanding.

At September 30, 1997, 4,449,000 shares were available for granting of stock options or issuance of restricted stock.

Stock purchase plan:

The Company has 1,388,000 additional shares of common stock available for issuance pursuant to a non-officer employee stock purchase plan. April 30, 1998 is the exercise date for the current offering. The purchase price is the lower of 85% of the fair market value at the date of the grant or the exercise date which is one year from the date of the grant. The weighted-average fair value per share of purchase rights granted in 1997 and 1996, computed using the Black-Scholes option-pricing model, was $5.28 and $4.92, respectively.

In 1997, 1996, and 1995 employees purchased 106,000, 124,000, and 109,000 shares, respectively, at a per share price of $19.02 in 1997, $15.26 in 1996, and $14.90 in 1995.

Note 9. Income Tax Matters

Components of income tax expense consist of the following:

	Year Ended September 30, 1997	1996	1995
	(In Thousands)		
Paid or payable on currently taxable income:			
Federal	$32,188	$32,965	$29,031
State	6,595	6,541	5,948
Net increase due to deferred income taxes	194	2,698	1,796
	$38,977	$42,204	$36,775

The total tax provision has been allocated to the following financial statement items:

	Year Ended September 30, 1997	1996	1995
	(In Thousands)		
Income from continuing operations	$38,477	$34,032	$30,975
Discontinued operations:			
Income from discontinued operations	--	6,787	5,800
Disposition of discontinued operations	500	1,385	--
	$38,977	$42,204	$36,775

Income tax expense for the years ended September 30, 1997, 1996, and 1995 is different than the amount computed by applying the U.S. federal income tax rate to income before income taxes. The reasons for these differences are as follows:

	% of Pre-Tax Income 1997	1996	1995
Computed "expected" income tax expense	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.4	4.4	4.4
Net income of associated companies taxed at dividend rates	(2.4)	(2.5)	(3.1)
Goodwill amortization	1.7	2.0	1.7
Other	(0.7)	(0.1)	(0.8)
	38.0%	38.8%	37.2%

Foreign taxes are not material.

Net deferred tax liabilities consist of the following components as of September 30, 1997, 1996, and 1995:

	1997	1996	1995
	(In Thousands)		
Deferred tax liabilities:			
Property and equipment	$ 9,409	$ 9,054	$ 8,607
Equity in undistributed earnings of affiliates	903	897	883
Deferred gain on sale of broadcast properties	3,308	3,308	3,308
Identifiable intangible assets	32,319	32,409	36,179
Other	3,334	2,657	2,303
	49,273	48,325	51,280
Deferred tax assets:			
Accrued compensation	7,950	7,290	7,501
Receivable allowance	1,976	1,774	1,550
Loss carryforwards acquired	7,961	9,147	10,544
Capital loss carryforward	5,752	5,752	--
Other	2,135	2,155	2,654
	25,774	26,118	22,249
Less, valuation allowance	12,652	12,652	10,263
	13,122	13,466	11,986
	$36,151	$34,859	$39,294

The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheets as of September 30, 1997, 1996, and 1995 as follows:

	1997	1996	1995
	(In Thousands)		
Current assets	$ 6,392	$ 5,925	$ 5,923
Noncurrent liabilities	(42,543)	(40,784)	(45,217)
	$(36,151)	$(34,859)	$(39,294)

The Company provided a valuation allowance of $5,752,000 during 1996 due to limitations imposed by the tax laws on the Company's ability to realize the benefit of the capital loss carryforward related to the disposal of NAPP Systems Inc. In addition, as a result of the operations of SJL of Kansas Corp. (SJL) management has determined that the valuation allowance related to the acquired operating loss carryforward should be reduced to $6,900,000 from the original reserve of $10,263,000 with a corresponding $3,363,000 reduction to goodwill. As of September 30, 1997 the SJL net operating loss carryforward was approximately $20,000,000 and will expire in varying amounts from 1999 to 2010.

Note 10. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

The carrying amounts of cash and cash equivalents, temporary investments, receivables, and accounts payable approximate fair value because of the short maturity of those instruments. The carrying value of other investments is as follows: $8,688,000 of debt and equity securities in a deferred compensation trust are carried at fair value based upon quoted market prices and $3,818,000 of equity securities, consisting primarily of the Company's 17% ownership of the nonvoting common stock of The Capital Times Company, are carried at cost, as the fair value is not readily determinable.

The fair value of the Company's debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The estimated fair values of the Company's debt instruments are as follows:

	Carrying Amount	Fair Value
	(In Thousands)	
September 30:		
1997	$203,735	$204,603
1996	95,503	97,672
1995	123,489	127,723

Note 11. Pending Accounting Changes

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 128 "Earnings Per Share". This Statement simplifies the computation of earnings per share and makes the computation more consistent with those of International Accounting Standards. The Statement is effective for periods ending after December 15, 1997. The Company does not expect the adoption of this new standard to significantly impact previously reported earnings per share or earnings per share trends.

In June 1997, the FASB issued Statement No. 130 "Reporting Comprehensive Income" and Statement No. 131 "Disclosures about Segments of an Enterprise and Related Information". Statement No. 130 establishes standards for reporting comprehensive income in financial statements. Statement No. 131 expands certain reporting and disclosure requirements for segments from current standards. The Statements are effective for fiscal years beginning after December 15, 1997 and the Company does not expect the adoption of these new standards to result in material changes to previously reported amounts or disclosures.

Note 12. Line of Business Information

	Year Ended September 30, 1997	1996	1995
	(In Thousands)		
Revenue:			
Publishing:			
Wholly-owned properties	$318,441	$302,564	$274,877
Equity in net income of associated companies	7,756	7,008	8,277
Broadcasting	120,489	117,797	100,586
Total revenue	$446,686	$427,369	$383,740
Operating income:			
Publishing	$ 96,621	$ 82,695	$ 76,643
Broadcasting	22,262	22,953	26,934
Corporate and other	(14,732)	(10,907)	(12,172)
Total operating income	$104,151	$ 94,741	$ 91,405
Identifiable assets:			
Publishing	$413,834	$226,097	$229,765
Broadcasting	195,567	198,441	211,652
Graphic arts (discontinued operations)	--	56,379	87,880
Corporate	41,562	46,499	30,632
Total identifiable assets	$650,963	$527,416	$559,929
Depreciation:			
Publishing	$ 9,054	$ 8,063	$ 7,041
Broadcasting	7,432	7,309	4,388
Corporate	689	864	536
Total depreciation	$ 17,175	$ 16,236	$ 11,965
Amortization of intangibles:			
Publishing	$ 6,902	$ 6,505	$ 5,746
Broadcasting	4,227	5,058	3,755
Total amortization of intangibles	$ 11,129	$ 11,563	$ 9,501
Capital expenditures:			
Publishing	$ 8,834	$ 11,018	$ 9,875
Broadcasting	6,516	6,948	7,141
Graphic arts (discontinued operations)	--	290	63
Corporate	992	540	356
Total capital expenditures	$ 16,342	$ 18,796	$ 17,435

Note 13. Other Information

Balance sheet information:

Inventories consist of the following:

	September 30,		
	1997	1996	1995
	(In Thousands)		
Newsprint	$ 3,716	$ 3,668	$ 3,634
Graphic arts products:			
Raw material	--	--	7,554
Finished goods	--	--	7,167
	$ 3,716	$ 3,668	$ 18,355

Program rights and other consist of the following:

	1997	1996	1995
Program rights	$ 7,020	$ 6,577	$ 6,793
Deferred income taxes	6,392	5,925	5,923
Other	4,279	4,681	3,971
	$ 17,691	$ 17,183	$ 16,687

Intangibles consist of the following:

	1997	1996	1995
Goodwill	$325,758	$194,746	$268,945
Less, accumulated amortization	55,303	50,240	64,185
	270,455	144,506	204,760
Non-compete covenants and consulting agreements	26,314	25,739	25,739
Less, accumulated amortization	21,201	18,859	15,811
	5,113	6,880	9,928
Customer lists, broadcasting licenses and agreements and newspaper subscriber lists	154,444	116,472	124,472
	25,531	21,797	18,146
	128,913	94,675	106,326
	$404,481	$246,061	$321,014

Compensation and other accruals consist of the following:

	September 30, 1997	1996	1995
	(In Thousands)		
Compensation	$12,029	$ 8,156	$10,355
Deferred compensation, current portion	--	96	1,394
Vacation pay	4,080	3,946	4,824
Retirement and stock purchase plans	4,708	2,930	2,941
Interest	1,639	1,429	1,834
Other	4,868	3,862	7,083
	$27,324	$20,419	$28,431

Cash flows information:

	Year Ended September 30, 1997	1996	1995
	(In Thousands)		
Cash payments for:			
Interest	$ 8,111	$10,052	$12,433
Income taxes	$40,767	$41,021	$45,294
Program rights were acquired by issuing long-term contracts as follows	$ 7,300	$ 7,700	$ 6,000
Issuance of restricted common stock, net	$ 244	$ 590	$ 334
Change in tax contingency estimates:			
Reduction in goodwill	$ --	$ 3,363	$ --
Reduction in deferred income taxes	$ --	$ 3,363	$ --
Change in purchase accounting estimates:			
Reduction in identified intangibles	$ --	$ 8,000	$ --
Additional long-term debt	--	16	--
	$ --	$ 8,016	$ --
Reduction in deferred income taxes	$ --	$ 2,666	$ --
Increase in goodwill	--	4,085	--
Increase in other long-term assets	--	1,265	--
	$ --	$ 8,016	$ --
Accounts payable for stock acquired	$10,926	$ --	$ --
Proceeds from sale of NAPP Systems Inc., net of selling costs	$55,914	$ --	$ --
Less cash retained	(1,119)	--	--
Proceeds from sale of subsidiary	$54,795	$ --	$ --

SUPPLEMENTARY DATA
QUARTERLY RESULTS (UNAUDITED)

	4th	3rd	2nd	1st
	(In Thousands Except Per Share Data)			
1997 Quarter:				
Operating revenue	$112,538	$112,693	$101,787	$119,668
Income from continuing operations	$ 14,638	$ 17,759	$ 11,240	$ 19,108
Income from discontinued operations	--	485	1,000	--
Net income	$ 14,638	$ 18,244	$ 12,240	$ 19,108
Earnings per common and common equivalent share:				
Income from continuing operations	$ 0.31	$ 0.38	$ 0.24	$ 0.40
Income from discontinued operations	--	0.01	0.02	--
Net income	$ 0.31	$ 0.39	$ 0.26	$ 0.40
1996 Quarter:				
Operating revenue	$107,129	$109,499	$ 99,960	$110,781
Income from continuing operations	$ 14,513	$ 15,381	$ 9,084	$ 14,692
Income (loss) from discontinued operations	(12,856)	1,664	1,721	1,248
Net income	$ 1,657	$ 17,045	$ 10,805	$ 15,940
Earnings per common and common equivalent share:				
Income from continuing operations	$ 0.30	$ 0.32	$ 0.19	$ 0.30
Income (loss) from discontinued operations	(0.27)	0.03	0.04	0.03
Net income	$ 0.03	$ 0.35	$ 0.23	$ 0.33
1995 Quarter:				
Operating revenue	$ 99,150	$101,313	$ 84,849	$ 98,428
Income from continuing operations	$ 11,925	$ 14,315	$ 9,941	$ 16,051
Income from discontinued operations	2,157	2,120	1,175	775
Net income	$ 14,082	$ 16,435	$ 11,116	$ 16,826
Earnings per common and common equivalent share:				
Income from continuing operations	$ 0.25	$ 0.30	$ 0.22	$ 0.35
Income from discontinued operations	0.04	0.04	0.03	0.02
Net income	$ 0.29	$ 0.34	$ 0.25	$ 0.37

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

The information called for by Part III of this Form 10-K is omitted in accordance with General Instruction G because the Company will file with the Commission a definitive proxy statement pursuant to Regulation 14A not later than 120 days after the close of the Company's fiscal year ended September 30, 1997.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and
Reports on Form 8-K

Page Number

(a) 1. Financial Statements

Independent Auditor's Report and Consent

Financial Statements

Consolidated balance sheets as of
September 30, 1997, 1996, and 1995
Consolidated statements of income years ended
September 30, 1997, 1996, and 1995
Consolidated statements of stockholders' equity
years ended September 30, 1997, 1996, and 1995
Consolidated statements of cash flows years ended
September 30, 1997, 1996, and 1995
Notes to consolidated financial statements

(a) 2. Financial statements schedule

Schedule

II - Valuation and qualifying accounts years ended
September 30, 1997, 1996, and 1995

All other schedules have been omitted as not
required, not applicable, not deemed material
or because the information is included in the
Notes to Financial Statements.

(a) 3. Exhibits (listed by numbers corresponding to the
Exhibit Table of Item 601 in Regulation S-K).

11 Computation of earnings per share years ended
September 30, 1997, 1996, and 1995
21 Subsidiaries
24 Power of Attorney

(b) The following reports on Form 8-K were filed for the three
months ended September 30, 1997.
Date of Report: July 28, 1997
Item 5: Announce the signing of the letter of intent to purchase
The Pacific Northwest Publishing Group
Financial statements filed: none
Date of Report: September 8, 1997
Item 2: Announce completion of the transaction to purchase
The Northwest Publishing Group
Financial Statements filed: none

* * * * *

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1991) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 Nos. 2-56652 (filed June 17, 1976), 2-58393 (filed March 11, 1977), 2-77121 (filed April 22, 1982), 33-19725 (filed January 20, 1988), 33-46708 (filed March 31, 1992), and 333-6435 and 333-6433 (filed June 20, 1996).

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

INDEPENDENT AUDITOR'S REPORT
AND CONSENT

To the Stockholders
Lee Enterprises, Incorporated
and Subsidiaries
Davenport, Iowa

We have audited the accompanying consolidated balance sheets of Lee Enterprises, Incorporated and subsidiaries as of September 30, 1997, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lee Enterprises, Incorporated and subsidiaries as of September 30, 1997, 1996 and 1995 and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

In our opinion, schedules included in this Annual Report on Form 10-K for the year ended September 30, 1997, present fairly the information set forth therein, in conformity with generally accepted accounting principles.

We consent to the incorporation by reference in the Registration Statements on Form S-8 No. 2-56652, No. 2-77121, No. 2-58393, No. 33-19725, No. 33-46708, No. 333-6435 and No. 333-6433 and in the related Prospectuses of our report dated November 3, 1997 with respect to the financial statements of Lee Enterprises, Incorporated, incorporated by reference and the schedule included in this Annual Report on Form 10-K for the year ended September 30, 1997 and to the reference to us under the heading "Experts" in such Prospectuses.

/s/ McGLADREY & PULLEN, LLP

Davenport, Iowa
November 3, 1997

LEE ENTERPRISES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In Thousands)

Description	Column A Balance at Beginning of Period	Column B Additions Charged to Income	Column C Charged to Other Accounts	Column D (1) Deduction from Reserves	Column E Balance at Close of Period
Allowance for doubtful accounts:					
For the year ended September 30, 1997 ...	$ 4,000	$ 2,934	$ 428 (4)	$ 2,762	$ 4,600
For the year ended September 30, 1996 ...	4,100	2,560	(375)	2,285	4,000
For the year ended September 30, 1995 ...	4,100	1,525	408	1,933	4,100

(1) Represents accounts written off as uncollectible, net of recoveries which are immaterial.

(2) Balance upon consolidation of Journal-Star Printing Company's 49.75% previously owned and acquisition of 50.25% interest and acquisition of SJL of Kansas, Corp.

(3) Balance upon disposal of NAPP Systems Inc.

(4) Balance upon acquisition of 100% of The Pacific Northwest Group.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 29, 1997	LEE ENTERPRISES, INCORPORATED
/s/ Richard D. Gottlieb	/s/ Larry L. Bloom
Richard D. Gottlieb, President Chief Executive Officer, and Director	Larry L. Bloom, Senior Vice-President of Finance, Treasurer and Chief Financial Officer
	/s/ G.C. Wahlig
	G. C. Wahlig, Vice President of Finance and Chief Accounting Officer

We, the undersigned directors of Lee Enterprises, Incorporated, hereby severally constitute Richard D. Gottlieb and Larry L. Bloom, and each of them, our true and lawful attorneys with full power to them, and each of them, to sign for us and in our names, in the capacities indicated below, the Annual Report on Form 10-K of Lee Enterprises, Incorporated for the fiscal year ended September 30, 1997 to be filed herewith and any amendments to said Annual Report, and generally do all such things in our name and behalf in our capacities as directors to enable Lee Enterprises, Incorporated to comply with the provisions of the Securities Exchange Act of 1934 as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or either of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

Signature	Title	Date
/s/ Lloyd G. Schermer Lloyd G. Schermer	Chairman of the Board of Directors	November 18, 1997
/s/ J. P. Guerin J. P. Guerin	Director	November 18, 1997
/s/ Phyllis Sewell Phyllis Sewell	Director	November 18, 1997
/s/ Mark Vittert Mark Vittert	Director	November 18, 1997
/s/ Ronald L. Rickman Ronald L. Rickman	Director	November 18, 1997
/s/ Richard W. Sonnenfeldt Richard W. Sonnenfeldt	Director	November 18, 1997
/s/ Rance E. Crain Rance E. Crain	Director	November 18, 1997
/s/ Charles E. Rickershauser, Jr. Charles E. Rickershauser, Jr.	Director	November 18, 1997
/s/ Andrew E. Newman Andrew E. Newman	Director	November 18, 1997

LEE ENTERPRISES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES

EXHIBIT 11 - COMPUTATION OF EARNINGS PER SHARE

	Year Ended September 30, 1997	1996	1995
	(Amounts in Thousands, Except Per Share Data)		
Number of shares of common stock outstanding at beginning of the period	47,022	47,367	45,520
Weighted average number of shares of common stock issued (reacquired) during the period	(529)	(267)	700
Weighted average number of common stock equivalents	819	891	742
Weighted average number of shares of common stock outstanding during each period	47,312	47,991	46,962
Income from continuing operations	$62,745	$53,670	$52,232
Income (loss) from discontinued operations ...	1,485	(8,223)	6,227
Net income	$64,230	$45,447	$58,459
Earnings per share of common stock:			
Income from continuing operations	$ 1.33	$ 1.12	$ 1.11
income (loss) from discontinued operations	0.03	(0.17)	0.13
Net income	$ 1.36	$ 0.95	$ 1.24

LEE ENTERPRISES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES

EXHIBIT 21 - WHOLLY-OWNED SUBSIDIARIES
AND ASSOCIATED COMPANIES

	State of Incorporation	Percentage of Voting Securities Owned
Lee Enterprises, Incorporated	Delaware	Parent
Lee Technical Systems, Inc.	Iowa	100%
Lee Consolidated Holdings Co.	South Dakota	100%
KOIN-TV, Inc.	Delaware	100%
New Mexico Broadcasting Company, Inc.	New Mexico	100%
Accudata, Inc.	Iowa	100%
Target Marketing Systems, Inc.	Iowa	100%
Journal-Star Printing Co.	Nebraska	100%
Madison Newspapers, Inc.	Wisconsin	50%
SJL of Kansas Corp.	Kansas	100%
Oregon News Media, Inc.	Delaware	100%
Pacific Northwest Publishing Group, Inc.	Delaware	100%
Nevada Media, Inc.	Delaware	100%

EXHIBIT 24

POWER OF ATTORNEY

We, the undersigned directors of Lee Enterprises, Incorporated, hereby severally constitute Richard D. Gottlieb and Larry L. Bloom, and each of them, our true and lawful attorneys with full power to them, and each of them, to sign for us and in our names, the capacities indicated below, the Annual Report on Form 10-K of Lee Enterprises, Incorporated for the fiscal year ended September 30, 1997 to be filed herewith and any amendments to said Annual Report, and generally do all such things in our name and behalf in our capacities as directors to enable Lee Enterprises, Incorporated to comply with the provisions of the Securities Exchange Act of 1934 as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or either of them, to said Annual Report on Form 10-K and any and all amendments thereto.

	Date
/s/ Rance E. Crain Rance E. Crain, Director	November 18, 1997
/s/ J. P. Guerin J. P. Guerin, Director	November 18, 1997
/s/ Andrew E. Newman Andrew E. Newman, Director	November 18, 1997
/s/ Charles E. Rickershauser, Jr. Charles E. Rickershauser, Jr., Director	November 18, 1997
/s/ Ronald L. Rickman Ronald L. Rickman	November 18, 1997
/s/ Lloyd G. Schermer Lloyd G. Schermer, Chairman of the Board and Director	November 18, 1997
/s/ Phyllis Sewell Phyllis Sewell, Director	November 18, 1997
/s/ Richard W. Sonnenfeldt Richard W. Sonnenfeldt	November 18, 1997
/s/ Mark Vittert Mark Vittert, Director	November 18, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FORM THE
SEPTEMBER 30, 1997 FORM 10-K FOR LEE ENTERPRISES, INCORPORATED AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
SEP-30-1997
SEP-30-1997
14,163
0
62,997
4,600
3,716
93,967
272,441
152,415
650,963
248,908
26,174
0
0
91,017
228,373
650,963
439,110
446,686
0
0
342,535
0
8,321
101,222
38,477
62,745
1,485
0
0
64,230
1.36
1.36