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

FORM 10-K

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

For the Fiscal Year Ended September 28, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6227

LEE ENTERPRISES, INCORPORATED

(Exact name of Registrant as specified in its charter)

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

201 N. Harrison Street, Suite 600, Davenport, Iowa 52801
(Address of principal executive offices)

(563) 383-2100
Registrant's telephone number, including area code

Title of Each Class	Name of Each Exchange On Which Registered
Securities registered pursuant to Section 12(b) of the Act:	
Common Stock - $2 par value	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Class B Common Stock - $2 par value

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 (§229.405 of this Chapter) 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. [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter. Based on the closing price of the Registrant's Common Stock on the New York Stock Exchange on March 30, 2008: approximately $445,331,000. For purposes of the foregoing calculation only, as required, the Registrant has included in the shares owned by affiliates the beneficial ownership of Common Stock and Class B Common Stock of officers and directors of the Registrant and members of their families, and such inclusion shall not be construed as an admission that any such person is an affiliate for any purpose.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 30, 2008. Common Stock, $2 par value, 39,142,452 shares and Class B Common Stock, $2 par value, 5,931,150 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement to be filed in January 2009 are incorporated by reference in Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This report contains information that may be deemed forward-looking, that is based largely on the Company's (as defined below) 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 its control, are the Company's ability to generate cash flows and maintain liquidity sufficient to service its debt, and comply with or obtain amendments or waivers of the financial covenants contained in its credit facilities, if necessary. Other risks and uncertainties include the impact of continuing adverse economic conditions, potential changes in advertising demand, newsprint and other commodity prices, energy costs, interest rates and the availability of credit due to instability in the credit markets, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in maintaining employee and customer relationships, increased capital and other costs, competition and other risks detailed from time to time in the Company's publicly filed documents.

The words "may", "will", "would", "could", "believes", "expects", "anticipates", "intends", "plans", "projects", "considers" and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this report. The Company does not undertake to publicly update or revise its forward-looking statements.

PART I

The Company experienced significant net losses in 2008, due to impairment of goodwill and other assets, and its financial position and liquidity have deteriorated. The information included herein should be evaluated in that context. See Item 1A, "Risk Factors", and Notes 6 and 7 of the Notes to Consolidated Financial Statements, included herein, for additional information.

References to 2008, 2007, 2006 and the like mean the fiscal years ended in September.

ITEM 1. BUSINESS

Lee Enterprises, Incorporated (Company), is a premier provider of local news, information and advertising in primarily midsize markets, with 49 daily newspapers and a joint interest in four others, rapidly growing online sites and more than 300 weekly newspapers and specialty publications in 23 states.

The Company is consistently focused on six key strategic priorities. They are to:

- Grow revenue creatively and rapidly;
- Deliver strong local news and information;
- Maximize its local online strength;
- Continue expanding its print and online audiences;
- Nurture employee development and achievement; and
- Exercise careful cost control.

Certain aspects of these priorities are discussed below.

The Company was founded in 1890, incorporated in 1950, and listed on the New York Stock Exchange (NYSE) in 1978. Before 2001, the Company also operated a number of network-affiliated and satellite television stations. The Company has acquired and divested a number of businesses since 2001. The most significant of these transactions is discussed below.

PULITZER ACQUISITION

In 2005, the Company acquired Pulitzer Inc. (Pulitzer). Pulitzer published 14 daily newspapers and more than 100 weekly newspapers and specialty publications. Pulitzer also owned a 50% interest in TNI Partners, as described more fully below. The acquisition of Pulitzer increased the Company's paid circulation by more than 50% to more than 1.6 million daily and 1.9 million Sunday, and revenue by more than 60% at that time.

Pulitzer newspaper operations include St. Louis, Missouri, where its subsidiary, St. Louis Post-Dispatch LLC (PD LLC), publishes the *St. Louis Post-Dispatch,* the only major daily newspaper serving the greater

St. Louis metropolitan area, and a variety of specialty publications, and operates its related websites. St. Louis newspaper operations also include the Suburban Journals of Greater St. Louis, a group of 30 weekly newspapers and nine niche publications that focus on separate communities within the metropolitan area. In 2008, the Suburban Journals had average unduplicated circulation of approximately 0.6 million, resulting in the delivery of approximately 1.0 million copies per week.

Pulitzer holds a 95% interest in the results of operations of PD LLC, and The Herald Publishing Company, LLC (Herald) holds a 5% interest.

Pulitzer's wholly-owned subsidiary, Pulitzer Newspapers, Inc. (PNI), and its subsidiaries currently publish ten daily newspapers and operate the related websites as well as publish more than 75 weekly newspapers, shoppers and niche publications that serve markets in the Midwest, Southwest and West. In 2006, the Company sold the assets of *The Daily News* in Rhinelander, Wisconsin, the smallest of these newspapers. In 2008, the Company sold the assets of *The Daily Chronicle* in DeKalb, Illinois.

TNI Partners

As a result of the acquisition of Pulitzer, the Company owns a 50% interest in TNI Partners (TNI), the Tucson, Arizona, newspaper partnership. TNI, acting as agent for the Company's subsidiary, Star Publishing Company (Star Publishing), and the owner of the remaining 50%, Citizen Publishing Company (Citizen), a subsidiary of Gannett Co., Inc., is responsible for printing, delivery, advertising and circulation of the *Arizona Daily Star* and the *Tucson Citizen* as well as their related online operations and specialty publications. TNI collects all receipts and income and pays substantially all operating expenses incident to the partnership's operations and publication of the newspapers and other media. Each newspaper is solely responsible for its own news and editorial content. Under the amended and restated joint operating agreement between Star Publishing and Citizen (the Agency Agreement), the *Arizona Daily Star* remains the separate property of Star Publishing. Income or loss of TNI (before income taxes) is allocated equally to Star Publishing and Citizen. Results of TNI are accounted for using the equity method.

The Newspaper Preservation Act of 1970 permits joint operating agreements between newspapers under certain circumstances without violation of the Federal antitrust laws. Agency agreements generally allow newspapers operating in the same market to share certain printing and other facilities and to pool certain revenue and expenses in order to decrease aggregate expenses and thereby allow the continuing operation of multiple newspapers in the same market. Newspapers in several cities operate under joint operating or agency agreements.

The Agency Agreement has governed the joint operations of the *Arizona Daily Star* and *Tucson Citizen* since 1940. The Board of Directors of TNI consists of three directors chosen by Star Publishing and three chosen by Citizen. Budgetary, key personnel and other non-news and editorial policy matters, such as advertising and circulation policies and rates or prices, are determined by the Board of Directors of TNI. Both the Company and Citizen incur certain administrative costs and capital expenditures that are reported by their individual companies. The *Arizona Daily Star* and the *Tucson Citizen* benefit from increases, and can be adversely affected by decreases, in each other's circulation. The Agency Agreement expires in 2015, but contains an option, which may be exercised by either party, to renew the agreement for successive periods of 25 years each.

Due to the agency relationship existing in Tucson, the *Arizona Daily Star* and *Tucson Citizen* cannot be viewed as competitors for advertising or circulation revenue. The *Arizona Daily Star* and *Tucson Citizen* compete primarily against other media, suburban, neighborhood and national newspapers, and other publications.

MADISON NEWSPAPERS

The Company owns 50% of the capital stock of Madison Newspapers, Inc. (MNI) and 17% of the nonvoting common stock of The Capital Times Company (TCT). TCT owns the remaining 50% of the capital stock of MNI. MNI publishes daily and Sunday newspapers, and other publications in Madison, Wisconsin, and other Wisconsin locations, as well as their related online operations. MNI conducts business under the trade name Capital Newspapers. The Company has a contract to furnish the editorial

and news content for the *Wisconsin State Journal,* which is published by MNI, and periodically provides other services to MNI. The *Wisconsin State Journal* is classified as one of the Lee group of newspapers in the newspaper business and in the rating services. Results of MNI are accounted for using the equity method. Net income or loss of MNI (after income taxes) is allocated equally to the Company and TCT. In 2006, MNI sold the assets of its Shawano, Wisconsin, daily newspaper. In 2008, one of MNI's daily newspapers in Madison, *The Capital Times*, decreased print publication from six days per week to one day.

ADVERTISING

More than 76% of the Company's 2008 revenue was derived from advertising. The Company's strategies are to increase its share of local advertising through increased sales activities in its existing markets and, over time, to increase its print and online audiences through internal expansion into existing and contiguous markets and enhancement of online offerings. The Company's advertising results consistently outperform national averages, as compiled by the Newspaper Association of America (NAA).

Several of the Company's businesses operate in geographic groups of publications, or "clusters" which provide operational efficiencies and extend sales penetration. Operational efficiencies are obtained through consolidation of sales forces, back office operations such as finance or human resources, management or production of the publications. Sales penetration can improve if the sales effort is successful in cross-selling advertising into multiple publications and online. A table under the caption "Daily Newspapers and Markets" in Item 1 identifies those groups of the Company's newspapers operating in clusters.

The Company's newspapers and classified and specialty publications compete with newspapers having national or regional circulation, magazines, radio, network and cable television, other advertising media such as billboards, other classified and specialty publications, direct mail, yellow pages directories, as well as other information content providers such as online sites. Competition for advertising is based on audience size and composition, circulation levels, readership demographics, distribution and display mechanisms, price and advertiser results. In addition, several of the Company's daily and Sunday newspapers compete with other local daily or weekly newspapers. The Company estimates that it captures a substantial share of the total advertising dollars spent in all of its markets.

The number of competitors in any given market varies, and cannot be estimated with any degree of certainty. However, all of the forms of competition noted above exist to some degree in the Company's markets, including those listed in the table under the caption "Daily Newspapers and Markets" in Item 1.

The following broadly define major categories of advertising revenue, in descending order of importance:

Retail advertising is revenue earned from sales of display advertising space in the publication, or for preprinted advertising inserted in the publication, to local accounts or regional and national businesses with local retail operations.

Classified advertising, which includes employment, automotive, real estate for sale or rent, and other categories, is revenue earned from sales of advertising space in the classified section of the publication or from publications consisting primarily of such advertising. Classified publications are periodic advertising publications available in racks or delivered free, by carriers or third-class mail, to all, or selected, households in a particular geographic area. Classified publications offer advertisers a cost-effective local advertising vehicle and are particularly effective in larger markets with high media fragmentation.

Online advertising consists of display, banner, rich media, directories, classified or other advertising on websites associated and integrated with the Company's print publications and on third party affiliated websites, such as Yahoo! Inc. (Yahoo!).

National advertising is revenue earned from display advertising space, or for preprinted advertising inserted in the publication, to national accounts, if there is no local retailer representing the account in the market.

Niche publications are specialty publications, such as lifestyle, business, health or home improvement publications that contain significant amounts of advertising.

The Company's many geographic markets have differences in their advertising rate structures, some of which are highly complex. A single operation often has scores of rate alternatives.

The advertising environment is influenced by the state of the overall economy, including unemployment rates, inflation, energy prices and consumer interest rates. The Company's enterprises are generally located in midsize and smaller markets. Generally these markets have been more stable than major metropolitan markets during the current downturn in advertising spending but may not experience increases in such spending as significant as those in major metropolitan markets in periods of economic improvement.

ONLINE ADVERTISING AND SERVICES

The Company's online activities include websites supporting each of its daily newspapers and certain of its other publications. Internet activities of the newspapers, except for TNI and MNI, are reported and managed as a part of the Company's publishing operations.

In 2007, the Company, in conjunction with several other major publishing organizations, announced a strategic alliance with Yahoo!, in which the publishing consortium offers its classified employment advertising customer base the opportunity to also post job listings on Yahoo!'s HotJobs national platform. In addition, the consortium and Yahoo! have worked together to provide new search, content and local applications across the newspapers' online sites, further enhancing the value of these sites as a destination for online users. The Yahoo! consortium currently includes more than 30 companies and approximately 800 daily newspapers across the United States.

The Company also owns 82.5% of an Internet service company, INN Partners, L.C. (doing business as TownNews.com), which provides online infrastructure and online publishing services for more than 1,500 daily and weekly newspapers and shoppers, including those of the Company.

Until 2008, online businesses of the Company experienced rapid growth. Online advertising represented 7.0% of total advertising revenue in 2008, compared to 6.5% in 2007. Online page views increased 26% between September 2007 and September 2008.

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AUDIENCES

Based on independent research, the Company estimates that, in an average week, its newspapers and online sites reach approximately 71% of adults in its larger markets, up significantly from 65.7% a year ago. In the St. Louis market, Scarborough Research estimates the *St. Louis Post Dispatch* and STLToday.com reach 63% of adults, ranking second for combined reach in the 25 most populated U.S. markets. The Company's extensive array of suburban newspapers and other publications further increases reach in St. Louis. Readership by young adults is also significant in the Company's larger markets, and is also growing, as summarized in the table below. The Company is reaching an increasingly larger share of the market through modest growth in newspaper readership and rapid online audience growth, as illustrated in the table below, as well as through additional specialty and niche publications.

PRINT PLUS ONLINE REACH – PAST SEVEN DAYS

	All Adults		Age 18-29	
	2008	2007	2008	2007
Print only	48.5%	47.8%	37.5%	34.7%
Print and online	16.4	13.4	17.6	12.9
Online only	6.1	4.5	9.4	5.9
Total reach	71.0%	65.7%	64.5%	53.5%

Source: Lee Enterprises Audience Report, Wilkerson & Associates. January – June 2008 and 2007.
Markets: St. Louis, MO, Madison, WI, Oceanside/Escondido, CA, Northwest Indiana,
Lincoln, NE, Davenport, IA, Billings, MT, Bloomington, IL, Sioux City, IA, Waterloo, IA

After advertising, print circulation is the Company's largest source of revenue. According to Editor and Publisher International Yearbook data, nationwide daily newspaper circulation unit sales have decreased 20% cumulatively through 2007 since their peak in 1984 and Sunday circulation unit sales have decreased 18% since their peak in 1990. The number of daily newspapers declined 16% from 1984 to 2007. For the six months ended September 2008, the Company's daily circulation, which includes TNI and MNI, as measured by the Audit Bureau of Circulations (ABC) declined 3.7%, and Sunday circulation declined 1.5%, outperforming the industry as a whole, which experienced 4.5% declines both daily and Sunday. Since September 2001, the Company's daily and Sunday circulation have declined cumulatively by 8.1% and 5.1%, respectively. These changes represent average annual declines of 1.2% and 0.7%, respectively. Such results are, in substantially all reporting periods, better than industry averages.

Growth in print and online audiences can, over time, also positively impact advertising revenue. The Company's strategies to improve audiences include continuous improvement of content and promotional efforts. Content can include focus on local news, features, scope of coverage, headline accuracy, presentation, writing style, tone, type style and reduction of factual errors. Promotional efforts include advertising, contests and other initiatives to increase awareness of the products. Customer service can also influence print circulation.

The Company's enterprises are also focused on increasing the number of subscribers who pay for their subscriptions via automated payment mechanisms, such as credit cards or bank account withdrawals. Customers using these payment methods have historically higher retention. Other initiatives vary from location to location and are determined principally by management at the local level in collaboration with senior management of the Company. Competition for print circulation is generally based on the content, journalistic quality and price of the publication.

Audience competition exists in all markets, even from unpaid products, but is most significant in markets with competing local daily newspapers. These markets tend to be near major metropolitan areas, where the size of the population is sufficient to support more than one daily newspaper.

The Company's circulation sales channels continue to evolve through an emphasis on targeted direct mail and email to acquire new subscribers and retain current subscribers.

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DAILY NEWSPAPERS AND MARKETS

The Company, TNI and MNI publish the following daily newspapers and maintain the following primary online sites:

			Paid Circulation [1]	
Newspaper	Primary Website	Location	Daily	Sunday
St. Louis Post-Dispatch	stltoday.com	St. Louis, MO	240,796	423,588
Capital Newspapers [2]				
Wisconsin State Journal	madison.com	Madison, WI	99,197	137,609
Daily Citizen	wiscnews.com/bdc	Beaver Dam, WI	9,759	-
Portage Daily Register	wiscnews.com/pdr	Portage, WI	4,839	-
Baraboo News Republic	wiscnews.com/bnr	Baraboo, WI	4,251	-
Arizona Daily Star [3]	azstarnet.com	Tucson, AZ	94,055	147,558
North County Times	nctimes.com	Oceanside and Escondido, CA	85,970	85,156
The Times	nwitimes.com	Munster, Valparaiso, and Crown Point, IN	83,516	91,763
Lincoln Group				
Lincoln Journal Star	journalstar.com	Lincoln, NE	77,120	82,719
Columbus Telegram	columbustelegram.com	Columbus, NE	8,694	9,549
Fremont Tribune	fremonttribune.com	Fremont, NE	7,940	-
Beatrice Daily Sun	beatricedailysun.com	Beatrice, NE	7,126	-
Quad-Cities Group				
Quad-City Times	qctimes.com	Davenport, IA	50,820	67,929
Muscatine Journal	muscatinejournal.com	Muscatine, IA	6,831	-
The Pantagraph	pantagraph.com	Bloomington, IL	45,287	48,241
Billings Gazette	billingsgazette.com	Billings, MT	43,860	50,326
The Courier	wcfcourier.com	Waterloo and Cedar Falls, IA	39,819	50,432
Sioux City Journal	siouxcityjournal.com	Sioux City, IA	39,517	40,978
Central Illinois Newspaper Group				
Herald & Review	herald-review.com	Decatur, IL	31,457	47,341
Journal Gazette	jg-tc.com	Mattoon, IL	9,477	-
Times-Courier	jg-tc.com	Charleston, IL	6,026	-
The Post-Star	poststar.com	Glens Falls, NY	31,418	34,174
River Valley Newspaper Group				
La Crosse Tribune	lacrossetribune.com	La Crosse, WI	31,114	40,707
Winona Daily News	winonadailynews.com	Winona, MN	11,009	12,207
The Daily Herald	heraldextra.com	Provo, UT	30,489	38,987
Missoula Group				
Missoulian	missoulian.com	Missoula, MT	28,313	32,274
Ravalli Republic	ravallinews.com	Hamilton, MT	5,188 [4]	-
The Journal Times	journaltimes.com	Racine, WI	28,039	29,947
Casper Star-Tribune	trib.com	Casper, WY	27,989	30,088
Rapid City Journal	rapidcityjournal.com	Rapid City, SD	27,827	32,638
The Bismarck Tribune	bismarcktribune.com	Bismarck, ND	26,861	30,730
The Southern Illinoisan	thesouthern.com	Carbondale, IL	26,256	36,743
The Daily News	tdn.com	Longview, WA	20,634	21,733
Magic Valley Group				
The Times-News	magicvalley.com	Twin Falls, ID	19,110	22,824
Elko Daily Free Press	elkodaily.com	Elko, NV	5,803 [4]	-
Central Coast Newspapers				
Santa Maria Times	santamariatimes.com	Santa Maria, CA	18,823	17,555
The Lompoc Record	lompocrecord.com	Lompoc, CA	5,331	5,248

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Newspaper	Primary Website	Location	Paid Circulation [1] Daily	Sunday
Globe Gazette	globegazette.com	Mason City, IA	17,435	22,049
Mid-Valley News Group				
Albany Democrat-Herald	democratherald.com	Albany, OR	16,638	17,586
Corvallis Gazette-Times	gazettetimes.com	Corvallis, OR	11,559	11,788
Napa Valley Register	napavalleyregister.com	Napa, CA	15,236	15,452
The Times and Democrat	thetandd.com	Orangeburg, SC	14,905	15,661
The Montana Standard	mtstandard.com	Butte, MT	14,367	14,625
Independent Record	helenair.com	Helena, MT	14,252	15,210
The Sentinel	cumberlink.com	Carlisle, PA	13,872	15,334
The Sentinel	hanfordsentinel.com	Hanford, CA	11,799	10,499
The World	theworldlink.com	Coos Bay, OR	11,502	-
Arizona Daily Sun	azdailysun.com	Flagstaff, AZ	11,292	12,047
The Citizen	auburnpub.com	Auburn, NY	10,594	12,618
The Garden Island	kauaiworld.com	Lihue, HI	10,075	9,474
The Ledger Independent	maysville-online.com	Maysville, KY	8,422	-
Daily Journal	dailyjournalonline.com	Park Hills, MO	8,023	8,294
The Chippewa Herald	chippewa.com	Chippewa Falls, WI	6,310	6,466
			1,536,842	1,856,147

(1) Source: ABC: Six months ended September 2008, unless otherwise noted.
(2) Owned by MNI.
(3) Owned by Star Publishing but published through TNI.
(4) Source: Company statistics.

COMMERCIAL PRINTING

The Company offers commercial printing services through the following entities:

	Location
Selma Enterprises	Selma, CA
William Street Press	Decatur, IL
Hawkeye Printing and Trico Communications	Davenport, IA
Platen Press	Butte, MT
Farcountry Press	Helena, MT
Journal Star Commercial Printing	Lincoln, NE
Plaindealer Publishing	Tekamah, NE
Triangle Press	Chippewa Falls, WI
Wingra Printing [(1)]	Madison, WI

(1) Owned by MNI, which is 50% owned by the Company.

Certain of the Company's newspapers also directly provide commercial printing services. Commercial printing business is highly competitive and generally has lower operating margins than newspapers.

NEWSPRINT

The basic raw material of newspapers, and 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 for its needs and considers its relationships with newsprint producers to be good. Newsprint prices are volatile and fluctuate based upon factors that include foreign currency exchange rates and both foreign and domestic production capacity and consumption. Between September 2007 and September 2008, the FOEX 30-pound newsprint price index increased 31%. Price fluctuations can have a significant effect on the results of operations. The Company has not entered into derivative contracts for newsprint. For the quantitative impacts of these fluctuations, see "Quantitative And Qualitative Disclosures About Market Risk" under Item 7A, included herein.

EXECUTIVE TEAM

The following table lists executive team members of the Company as of November 30, 2008:

Name	Age	Service with the Company	Named to Current Position	Current Position
Mary E. Junck	61	June 1999	January 2002	Chairman, President and Chief Executive Officer
Joyce L. Dehli	50	August 1987	February 2006	Vice President – News
Paul M. Farrell	52	May 2007	May 2007	Vice President – Sales & Marketing
Suzanna M. Frank	38	December 2003	March 2008	Vice President – Audience
Karen J. Guest	55	July 2006	July 2006	Vice President – Law and Chief Legal Officer
Michael R. Gulledge	48	October 1982	May 2005	Vice President – Publishing
Daniel K. Hayes	63	September 1969	September 2005	Vice President – Corporate Communications
Brian E. Kardell	45	January 1991	August 2003	Vice President – Production and Chief Information Officer
Vytenis P. Kuraitis	60	August 1994	January 1997	Vice President – Human Resources
Kevin D. Mowbray	46	September 1986	November 2004	Vice President – Publishing
Gregory P. Schermer	54	February 1989	November 1997	Vice President – Interactive Media
Carl G. Schmidt	52	May 2001	May 2001	Vice President, Chief Financial Officer and Treasurer
Greg R. Veon	56	April 1976	November 1999	Vice President – Publishing

Mary E. Junck was elected Chairman, President and Chief Executive Officer in 2002. From 2001 to 2002 she served as President and Chief Executive Officer. From 2000 to 2001 she served as President and Chief Operating Officer. From 1999 to 2000 she served as Executive Vice President and Chief Operating Officer.

Joyce L. Dehli was appointed Vice President – News in February 2006. From April 2005 to February 2006, she served as Director of Editorial Development. From October 2004 to April 2005 she served as Editorial Training Manager. From August 2003 to October 2004 she served as Managing Editor of the *Wisconsin State Journal*. From 2001 to August 2003 she served as Assistant Managing Editor of the *Wisconsin State Journal*.

Paul M. Farrell was appointed Vice President – Sales & Marketing in May 2007. From July 2004 to May 2007 he served as Senior Vice President of The Providence Journal Co., a subsidiary of Belo Corp. From 1999 to July 2004 he served as Advertising Director of *The Boston Globe*, a division of the New York Times Company.

Suzanna M. Frank was appointed Vice President – Audience in March 2008. From December 2003 to March 2008 she served as Director of Research and Marketing. From October 2001 to December 2003 she served as Market Research Manager for the *San Diego Union-Tribune*.

Karen J. Guest was appointed Vice President – Law and Chief Legal Officer in July 2006. From April 2003 until July 2006, she served as General Counsel to PAJ, Inc. Prior to April 2003, she served as Vice-President/General Counsel for United Advertising Publications, Inc.

Michael R. Gulledge was elected a Vice President – Publishing in May 2005 and named Publisher of the *Billings Gazette* in 2000. From 2002 to May 2005 he served as a Group Publisher.

Daniel K. Hayes was appointed Vice President – Corporate Communications in September 2005. From 1998 to September 2005 he served as Director of Communications.

Brian E. Kardell was appointed Vice President – Production and Chief Information Officer in August 2003. From 2001 to August 2003, he served as Vice President – Information Systems and Chief Information Officer.

Vytenis P. Kuraitis was elected Vice President – Human Resources in 1997.

Kevin D. Mowbray was elected a Vice President – Publishing in November 2004 and named Publisher of the *St. Louis Post-Dispatch* in May 2006. From November 2004 to May 2006 he served as Publisher of *The Times*. From 2002 to November 2004 he served as Vice President – Sales & Marketing.

Gregory P. Schermer was elected Vice President – Interactive Media in 1997. He was elected to the Board of Directors of the Company in 1999. From 1989 to July 2006, he also served as Corporate Counsel of the Company.

Carl G. Schmidt was elected Vice President, Chief Financial Officer and Treasurer in 2001.

Greg R. Veon was elected a Vice President – Publishing in 1999.

EMPLOYEES

At September 28, 2008, the Company had approximately 8,200 employees, including approximately 2,000 part-time employees, exclusive of MNI and TNI. Full-time equivalent employees at September 28, 2008, totaled approximately 7,500. The Company considers its relationships with its employees to be good.

Bargaining unit employees represent approximately 740, or 71%, of the total employees of the *St. Louis Post-Dispatch*. The *St. Louis Post-Dispatch* has contracts with substantially all bargaining unit employees with expiration dates through January 2011. New contracts were reached with various units in the last several years: the Graphic Communications International Union (GCIU) Local No 6-505 M (1 employee) was signed in May 2007 and expires in 2010; the International Association of Machinists & Aerospace Workers, District No. 9 (12 machinists), was signed in March 2008 and expires in 2011; and the International Association of Machinists & Aerospace Workers, District No. 9 (11 electricians), was signed in October 2008 and expires in 2011. Additionally, the union representing the paperhandlers, GCIU Local 38N, disclaimed interest in the unit (30 part time employees). Two contracts expire in 2009: the St. Louis Newspaper Guild, Local 36047, representing 355 employees and the St. Louis Typographical Union No. 8/CWA 14616, representing 11 employees. All *St. Louis Post-Dispatch* labor contracts contain no-strike clauses.

Approximately 95 employees in six additional locations are represented by collective bargaining units. Contracts at four of these locations have expired and negotiations are ongoing.

In December 2008, employees of selected departments of *The Pantagraph*, in an election conducted by the National Labor Relations Board, overwhelming rejected an organization attempt by the St. Louis Newspaper Guild.

CORPORATE GOVERNANCE AND PUBLIC INFORMATION

The Company has a long, substantial history of progressive corporate governance practices. The Board of Directors has a lead independent director, and has had one for many years. Currently, eight of ten members of the Board of Directors are independent, as are all members of the Board's Audit, Executive Compensation and Nominating and Corporate Governance committees. The Audit Committee approves all services to be provided by the Company's independent registered public accounting firm and its affiliates.

At www.lee.net, one may access a wide variety of information, including news releases, Securities and Exchange Commission filings, financial statistics, annual reports, investor presentations, governance documents, newspaper profiles and online links. The Company makes available via its website all filings made by the Company under the Securities Exchange Act of 1934, including Forms 10-K, 10-Q and 8-K, and related amendments, as soon as reasonably practicable after they are filed with, or furnished to, the SEC. All such filings are available free of charge. The content of any website referred to in this Form 10-K is not incorporated by reference into this Form 10-K unless expressly noted.

OTHER MATTERS

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

ITEM 1A. RISK FACTORS

Risk exists that the Company's past results may not be indicative of future results. A discussion of certain of the most significant of these risks follows. See also, "Forward-Looking Statements", included herein. In addition, a number of other factors (those identified elsewhere in this document and others, both known and unknown) may cause actual results to differ materially from expectations.

DEBT AND LIQUIDITY

The Company has a substantial amount of debt, as more fully discussed (and capitalized terms used below defined) under Item 7, "Liquidity and Capital Resources" and Note 7 of the Notes to Consolidated Financial Statements, included herein. In 2009, the Company amended the terms of its Credit Agreement, which, among other changes, increases the Company's future borrowing costs in relation to LIBOR, and reduces the amount available under the Company's revolving credit facility. In December 2008, certain covenant violations related to the Credit Agreement and Pulitzer Notes were waived until March 30, 2009 and January 16, 2009, respectively.

The Company's ability to operate as a going concern is dependent on its ability to refinance or amend its debt agreements as they become due, or earlier if available liquidity is consumed.

The Company's indebtedness could adversely affect its financial health in any or all of the following ways:

- Substantially all of the cash flows of the Company are required to be applied to payment of debt interest and principal, reducing funds available for investment, capital expenditures and other purposes;
- The Company reported significant net losses in 2008, due to impairment of goodwill and other assets resulting from the continuing and increasing difference between its stock price and the per share carrying value of its net assets. Reduced expectations of future cash flows were also an important factor in the determination of such impairment charges;
- The Company's flexibility to react to changes in economic and industry conditions may be more limited;
- Increasing leverage could make the Company more vulnerable in the event of additional deterioration of general economic conditions or other adverse events; and
- There could be a material impact on the Company's business if it is unable to meet the conditions of its debt agreements or obtain replacement financing.

The Company generated cash flows in 2008 sufficient to reduce net debt by $102,225,000, pay dividends totaling $32,573,000 and acquire shares of its Common Stock in the amount of $19,483,000. The Company does not have sufficient cash flows to meet both its requirements for 2009 operations and repayment of the Pulitzer Notes.

2009 principal payments required under the Credit Agreement totaling $142,500,000 are expected to exceed the Company's cash flows available for such payments. As a result, the Company expects to utilize a portion of its capacity under its revolving credit facility to fund a portion of the 2009 principal payments required. At September 28, 2008, the Company had $207,000,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments, letters of credit and other commitments, has approximately $162,000,000 available for future use.

Principal payments under the Credit Agreement totaling $166,250,000 are due in 2010. The Company expects to utilize the remainder of its capacity under its revolving credit facility to fund a portion of the 2010 principal payments required.

The Pulitzer Notes mature in April 2009. The Company is actively engaged in discussions with the Noteholders, and to the extent their approval may also be required, the Lenders under the Credit Agreement, to extend or refinance the Pulitzer Notes. The Company has also initiated discussions with the Lenders related to changes to the Credit Agreement to maintain sufficient long-term liquidity. However, the timing and ultimate outcome of such discussions cannot be determined at this time due, in part, to the abnormal condition of the domestic credit markets and the overall recessionary operating environment in which the Company, Pulitzer, and other publishing companies are currently operating. Continuing instability or further disruptions of these markets could prohibit or make it more difficult for the Company to access new capital, increase the cost of capital or limit its ability to refinance existing indebtedness.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an Event of Default, including expiration of existing waivers, occurs and is not remedied. Many of those consequences are beyond the control of the Company, Pulitzer, and PD LLC, respectively. The occurrence of one or more Events of Default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents, any of which would impair the ability of the Company to operate its business as a going concern.

See Item 7, "Liquidity and Capital Resources" included herein, for additional information on the risks associated with the Company's financing arrangements.

Approximately one half of the Company's debt is subject to changes in market interest rates. See Item 7A, "Interest Rates" included herein, for additional information on the risks associated with floating rate debt.

ECONOMIC CONDITIONS

The United States economy has been in a recession since December 2007, according to the National Bureau of Economic Research, and it is widely believed that certain elements of the economy, such as housing, were in decline before that time. 2008 revenue, operating results and cash flows were significantly impacted by the recession. The duration and depth of an economic recession in markets in which the Company operates may further reduce its future advertising and circulation revenue, operating results and cash flows.

OPERATING REVENUE

A significant portion of the Company's revenue is derived from advertising. The demand for advertising is sensitive to the overall level of economic activity, both nationally and locally.

Operating revenue in most categories decreased in 2008 and may decrease in the future. Such decreases may not be offset by growth in advertising in other categories, such as online revenue, which, until 2008, has been rising significantly over the last several years. There can also be no assurance such online growth will resume. Historically, newspaper publishing has been viewed as a cost-effective method of delivering various forms of advertising. There can be no guarantee that this historical perception will guide future decisions on the part of advertisers. To the extent that advertisers shift advertising expenditures to other media outlets, including the Internet, the profitability of the Company's business may continue to be impacted.

The rates the Company charges for advertising are, in part, related to the size of the audience of its publications and websites. There is significant competition for readers and viewers from other media. The Company's business may be adversely affected to the extent individuals decide to obtain news, entertainment, classified listings and local shopping information from Internet-based or other media, to the exclusion of the Company's outlets for such information.

Retail Advertising

Major retail store chains have experienced significant merger and acquisition activity over the last several years, and some have gone out of business, effectively reducing the number of brand names under which the merged entities operate. The Company's retail revenue is also being impacted by the current recession. For example, a decline in the housing market negatively impacts retail advertising related to home improvement, furniture and home electronics.

Classified Advertising

Classified advertising is the category that has been most significantly impacted by the current economic environment. In 2008, as the recession accelerated, employment classified advertising, including both print and online, declined as unemployment increased.

In 2008 and 2007, real estate classified advertising also suffered declines due primarily to cyclical issues, such as declining sale prices and an increase in unsold homes, affecting the residential real estate market nationally.

Automotive classified advertising revenue declined in 2008, 2007 and 2006, due to industry-wide issues affecting certain domestic auto manufacturers and the overall decline in economic conditions leading to the current recession.

See Item 1, "Advertising", included herein, for additional information on the risks associated with advertising revenue.

Circulation

Though the Company's audience is growing, and its circulation unit results have outperformed the industry, circulation unit sales have nonetheless been declining fractionally for several years. The possibility exists that future circulation price increases may be delayed or reduced as a result of future declines in circulation unit sales, and that price decreases may be necessary to retain or grow circulation unit volume. The Company is reaching increasingly larger audiences through modest growth in newspaper readership and rapid online audience growth, as well as through additional specialty and niche publications. Nonetheless, declines in circulation unit sales could also adversely impact advertising revenue.

See Item 1, "Audiences", included herein, for additional information on the risks associated with circulation revenue.

OPERATING EXPENSES

The Company reduced operating expenses, excluding depreciation, amortization and unusual costs (and cost reductions), by 3.2% in 2008 and expects to reduce such operating expenses by an additional 7-8% in 2009. Such expense reductions are not expected to significantly impact the Company's ability to deliver advertising and content to its customers.

The results of future labor negotiations could affect the Company's operating results. For additional information concerning the Company's labor relations, see Item 1, "Employees", included herein.

Newsprint comprises a significant amount of the Company's operating costs. See Item 1, "Newsprint" and Item 7A, "Commodities" included herein, for additional information on the risks associated with changes in newsprint costs.

GOODWILL AND OTHER INTANGIBLE ASSETS

The Company has significant amounts of goodwill and identified intangible assets. In 2008, the Company recorded substantial impairment charges to reduce the value of certain of these assets. Should general economic, market or business conditions continue to decline, and continue to have a negative impact on the Company's stock price, the Company may be required to record additional impairment charges in the future. See Item 7, "Critical Accounting Policies", included herein, for additional information on the risks associated with such assets.

EQUITY CAPITAL

As of December 24, 2008, the Company's Common Stock traded at an average 30-day closing market price of less than $1 per share. The Company's equity market capitalization may also fall under the $25,000,000 minimum requirement of the NYSE at some future date. Under the NYSE listing standards, if the Company's Common Stock fails to maintain an adequate per share price and total market capitalization, the Company's Common Stock could be removed from the NYSE and traded in the over the counter market. In a letter dated December 30, 2008 the NYSE notified the Company that it does not meet the NYSE continued listing standard due to its failure to maintain an adequate share price. The Company may be given a six month period of time to cure issues relating to its ability to meet NYSE listing standards. All of these factors, along with otherwise volatile equity market conditions, could limit the Company's ability to raise new equity capital in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's executive offices are located in leased facilities at 201 North Harrison Street, Suite 600, Davenport, Iowa. The lease expires in 2019.

All of the Company's principal printing facilities except Madison, Wisconsin (which is owned by MNI), Tucson (which is jointly owned by Star Publishing and Citizen), St. Louis as described below, and leased land for the Helena, Montana and Lihue, Hawaii plants, are owned. All facilities are well maintained, in good condition, suitable for existing office and publishing operations and adequately equipped. With the exception of St. Louis, none of the Company's facilities is individually significant to its business.

Information related to St. Louis facilities at September 28, 2008 is as follows:

(Square Feet)	Owned	Leased
PD LLC	755,000	52,000
Suburban Journals	121,000	55,000

The *Baraboo News Republic, Beatrice Daily Sun, Corvallis Gazette-Times, Daily Citizen, Journal Gazette, The Lompoc Record, Muscatine Journal, Ravalli Republic, The Courier, Times Courier* and *Winona Daily News,* as well as many of the Company's and MNI's more than 300 other publications, are printed at other Company facilities, or outsourced, to enhance operating efficiency.

The Company's newspapers and other publications have formal or informal backup arrangements for printing in the event of a disruption in production capability.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While the Company is unable to predict the ultimate outcome of these legal actions, it is the opinion of management that the disposition of these matters will not have a material adverse effect on the Company's Consolidated Financial Statements, taken as a whole.

In 2008, the Company was served with a lawsuit by a group of California newspaper carriers claiming to be employees and not independent contractors of the Company. Since the suit is in the earliest of phases, the Company is unable to predict whether the ultimate economic outcome, if any, could have a material effect on the Company's Consolidated Financial Statements, taken as a whole. The Company denies the allegations of employee status, consistent with past practices of the Company and the industry, and intends to vigorously contest the action, which is not covered by insurance.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the three months ended September 28, 2008.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF COMMON STOCK

Common Stock of the Company is listed on the NYSE. Class B Common Stock is not traded on an exchange but is readily convertible to Common Stock. 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 at the option of the holder, into Common Stock. The table below includes the high and low prices of Common Stock for each quarter during the past three years, the closing price at the end of each quarter and dividends per common share.

	Quarter			
	1st	2nd	3rd	4th
STOCK PRICES				
2008				
High	$ 17.96	$ 14.91	$ 11.32	$ 5.00
Low	13.61	9.26	4.21	2.22
Closing	14.53	10.76	4.40	3.35
2007				
High	$ 32.13	$ 35.65	$ 30.92	$ 21.48
Low	24.55	29.48	20.50	14.58
Closing	31.06	30.05	20.86	15.57
2006				
High	$ 43.05	$ 37.43	$ 33.74	$ 27.61
Low	36.36	32.26	26.95	22.98
Closing	36.91	33.29	26.95	25.24
DIVIDENDS				
2008	$ 0.19	$ 0.19	$ 0.19	$ 0.19
2007	0.18	0.18	0.18	0.18
2006	0.18	0.18	0.18	0.18

As of December 24, 2008, the Company's Common Stock traded at an average 30-day closing market price of less than $1 per share. The Company's equity market capitalization may also fall under the $25,000,000 minimum requirement of the NYSE at some future date. Under the NYSE listing standards, if the Company's Common Stock fails to maintain an adequate per share price and total market capitalization, the Company's Common Stock could be removed from the NYSE and traded in the over the counter market. In a letter dated December 30, 2008 the NYSE notified the Company that it does not meet the NYSE continued listing standard due to its failure to maintain an adequate share price. The Company may be given a six month period of time to cure issues relating to its ability to meet NYSE listing standards.

Common Stock and Class B Common Stock have identical rights with respect to cash dividends and upon liquidation. For a more complete description of the relative rights of Common Stock and Class B Common Stock, see Note 12 of the Notes to Consolidated Financial Statements, included herein.

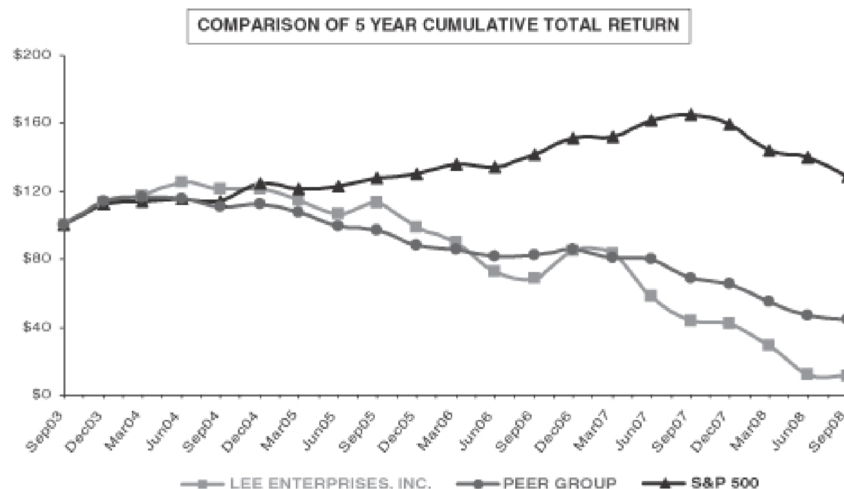
At September 28, 2008, the Company had 7,177 holders of Common Stock, including participants in the Company's employee stock purchase plans, and 1,294 holders of Class B Common Stock.

In 2008, the Company announced its intention to acquire up to $30,000,000 of its Common Stock in open market and private transactions. In 2008, 1,722,280 shares have been acquired and returned to authorized shares at an average price of $10.98.

An amendment to the Company's Credit Agreement consummated in October 2008 requires the Company to suspend stockholder dividends and share repurchases until its total leverage ratio is less than 4.5:1. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

Performance Presentation

The following graph compares the quarterly percentage change in the cumulative total shareholder return of the Company, the Standard & Poor's (S&P) 500 Stock Index, and a Peer Group Index, in each case for the five years ended September 30, 2008 (with September 30, 2003 as the measurement point). Total shareholder return is measured by dividing (a) the sum of (i) the cumulative amount of dividends declared for the measurement period, assuming dividend reinvestment and (ii) the difference between the issuer's share price at the end and the beginning of the measurement period, by (b) the share price at the beginning of the measurement period.



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$100 invested on September 30, 2003 in stock of the Company, the Peer Group and in the S&P 500 Stock Index, including reinvestment of dividends.

	September 30					
	2003	2004	2005	2006	2007	2008
Lee Enterprises, Incorporated	$ 100.00	$ 121.74	$ 113.42	$ 68.97	$ 43.81	$ 10.98
Peer Group Index	100.00	110.96	96.87	82.19	69.19	44.87
S&P 500 Stock Index	100.00	113.87	127.82	141.62	164.90	128.66

The S&P 500 Stock Index includes 500 U.S. companies in the industrial, transportation, utilities and financial sectors and is weighted by market capitalization. The Peer Group Index is comprised of ten U.S. publicly traded companies with significant newspaper publishing operations (excluding the Company) and is weighted by market capitalization. The Peer Group Index includes A.H. Belo Corp.(successor to Belo Corp.), Gannett Co., Inc., Journal Communications, Inc., Journal Register Company, The McClatchy Company, Media General, Inc., The New York Times Company, The E.W. Scripps Company, Sun-Times Media Group, Inc., and The Washington Post Company. Dow Jones & Company, Inc. and The Tribune Company, which were previously included in the Peer Group Index, are no longer publicly traded.

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ITEM 6. SELECTED FINANCIAL DATA

Selected financial data is as follows:

(Thousands, Except Per Common Share Data)	2008	2007	2006	2005 (1)	2004
OPERATING RESULTS (2)					
Operating revenue	$ 1,028,868	$1,120,194	$1,121,390	$ 816,614	$ 643,277
Operating expenses, excluding depreciation, amortization, and impairment of goodwill and other assets	821,846	849,644	843,577	612,425	466,866
Depreciation and amortization	91,078	92,700	90,276	58,958	43,930
Impairment of goodwill and other assets (3)	1,070,808	-	4,837	-	-
Equity in earnings of associated companies	10,211	20,124	20,739	12,784	8,523
Reduction in investment in TNI (3)	104,478	-	-	-	-
Operating income (loss)	(1,049,131)	197,974	203,439	158,015	141,004
Financial income	5,857	7,613	6,054	2,824	1,066
Financial expense	(71,472)	(90,341)	(95,939)	(38,038)	(12,665)
Income (loss) from continuing operations	$ (880,194)	$ 80,328	$ 70,778	$ 70,681	$ 82,973
Discontinued operations	285	671	54	6,197	3,098
Net income (loss)	$ (879,909)	$ 80,999	$ 70,832	$ 76,878	$ 86,071
Income (loss) available to common stockholders	$ (888,747)	$ 80,999	$ 70,832	$ 76,878	$ 86,071
EARNINGS (LOSS) PER COMMON SHARE					
Basic:					
Continuing operations	$ (19.84)	$ 1.76	$ 1.56	$ 1.57	$ 1.85
Discontinued operations	0.01	0.01	-	0.14	0.07
	$ (19.83)	$ 1.77	$ 1.56	$ 1.70	$ 1.92
Diluted:					
Continuing operations	$ (19.84)	$ 1.75	$ 1.55	$ 1.56	$ 1.84
Discontinued operations	0.01	0.01	-	0.14	0.07
	$ (19.83)	$ 1.77	$ 1.56	$ 1.70	$ 1.91
Weighted average common shares:					
Basic	44,813	45,671	45,421	45,118	44,792
Diluted	44,813	45,804	45,546	45,348	45,092
Dividends per common share	$ 0.76	$ 0.72	$ 0.72	$ 0.72	$ 0.72
BALANCE SHEET INFORMATION (End of Year)					
Total assets	$ 2,016,367	$3,260,963	$3,329,809	$3,445,200	$1,403,844
Debt, including current maturities (4)	1,332,375	1,395,625	1,525,000	1,688,000	213,600
Debt, net of cash and restricted cash and investments (4)	1,182,856	1,284,565	1,420,302	1,599,397	205,590
Stockholders' equity	147,087	1,086,442	990,625	936,410	876,843

(1) Includes four months of operations of Pulitzer, which was acquired in June 2005.
(2) Results of DeKalb have been treated as a discontinued operation for all periods presented.

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(3) In 2008 the Company recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. The Company also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of the Company's investment in TNI. The Company also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment.

(4) Principal amount, excluding fair value adjustments in 2008, 2007, 2006 and 2005. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition as of, and for each of the three years ended, September 2008. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto, included herein.

NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related financial measure under accounting principles generally accepted in the United States of America (GAAP). 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. The Company also believes such non-GAAP financial measures are alternative indicators of performance used by investors, lenders, rating agencies and financial analysts to estimate the value of a publishing business or its ability to meet debt service requirements.

Operating Cash Flow and Operating Cash Flow Margin

Operating cash flow, which is defined as operating income before depreciation, amortization, impairment of goodwill and other assets and equity in earnings of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures that are used in the analysis below. The Company believes these measures provide meaningful supplemental information because of their focus on results from operations before depreciation, amortization, impairment charges and earnings from equity investments.

Reconciliations of operating cash flow and operating cash flow margin to operating income (loss) and operating income (loss) margin, the most directly comparable measures under GAAP, are included in the table below:

(Thousands)	2008	Percent of Revenue	2007	Percent of Revenue	2006	Percent of Revenue
Operating cash flow	$ 207,022	20.1%	$270,550	24.2%	$277,813	24.8%
Less depreciation and amortization	91,078	8.9	92,700	8.3	90,276	8.1
Less impairment of goodwill and other assets	1,070,808	NM	-	-	4,837	0.4
Plus equity in earnings of associated companies	10,211	1.0	20,124	1.8	20,739	1.8
Less reduction in investment in TNI	104,478	NM	-	-	-	-
Operating income (loss)	$(1,049,131)	NM	$197,974	17.7%	$203,439	18.1%

Adjusted Net Income and Adjusted Earnings Per Common Share

Adjusted net income and adjusted earnings per common share, which are defined as income (loss) available to common stockholders and earnings (loss) per common share adjusted to exclude unusual matters and those of a substantially non-recurring nature, are non-GAAP financial measures that are used in the analysis below. The Company believes these measures provide meaningful supplemental

information by identifying matters that are not indicative of core business operating results or are of a substantially non-recurring nature.

Reconciliations of adjusted net income and adjusted earnings (loss) per common share to income (loss) available to common stockholders and earnings (loss) per common share, respectively, the most directly comparable measures under GAAP, are set forth below under the caption "Overall Results".

SAME PROPERTY COMPARISONS

Certain information below, as noted, is presented on a same property basis, which is exclusive of acquisitions and divestitures consummated in the current or prior year. The Company believes such comparisons provide meaningful supplemental information for an understanding of changes in its revenue and operating expenses. Same property comparisons exclude TNI and MNI. The Company owns 50% of TNI and also owns 50% of the capital stock of MNI, both of which are reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

CRITICAL ACCOUNTING POLICIES

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Additional information follows with regard to certain of the most critical of the Company's accounting policies.

Goodwill and Other Intangible Assets

In assessing the recoverability of its goodwill and other nonamortized intangible assets, the Company makes a determination of the fair value of its business. Fair value is determined using a combination of an income approach, which estimates fair value based upon future revenue, expenses and cash flows discounted to their present value, and a market approach, which estimates fair value using market multiples of various financial measures compared to a set of comparable public companies in the publishing industry. An impairment charge will generally be recognized when the carrying amount of the net assets of the business exceeds its estimated fair value.

The required valuation methodology and underlying financial information that are used to determine fair value require significant judgments to be made by management. These judgments include, but are not limited to, long-term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

The Company analyzes its goodwill and other nonamortized intangible assets for impairment on an annual basis at the end of its fiscal year, or more frequently if impairment indicators are present. See Note 6 of the Notes to Consolidated Financial Statements, included herein, for a more detailed explanation of the Company's intangible assets. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets. Due primarily to the continuing, and increasing difference between its stock price and the per share carrying value of its net assets, the Company analyzed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008. Deterioration in the Company's revenue and the overall recessionary operating environment for the Company and other publishing companies were also factors in the timing of the analyses. The Company concluded the fair value of its business did not exceed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008.

As a result, in 2008 the Company recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. The Company also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of the Company's investment in TNI. The Company also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment. The Company recorded $281,564,000 of income tax benefit related to these charges.

The Company reviews its amortizable intangible assets for impairment when indicators of impairment are present. The Company assesses recovery of these assets by comparing the estimated undiscounted cash flows associated with the asset or asset group with their carrying amount. The impairment amount, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

The Company also periodically evaluates its determination of the useful lives of amortizable intangible assets. Any resulting changes in the useful lives of such intangible assets will not impact the cash flows of the Company. However, a decrease in the useful lives of such intangible assets would increase future amortization expense and decrease future reported operating results and earnings per common share. The Company tested such assets for impairment, and concluded no adjustments to the useful lives of such assets were required.

Pension, Postretirement and Postemployment Benefit Plans

The Company evaluates its liability for pension, postretirement and postemployment benefit plans based upon computations made by consulting actuaries, incorporating estimates and actuarial assumptions of future plan service costs, future interest costs on projected benefit obligations, rates of compensation increases, employee turnover rates, anticipated mortality rates, expected investment returns on plan assets, asset allocation assumptions of plan assets, and other factors. If the Company used different estimates and assumptions regarding these plans, the funded status of the plans could vary significantly, resulting in recognition of different amounts of expense over future periods. Increases in market interest rates, which may impact plan assumptions, generally result in lower service costs for current employees, higher interest expense and lower liabilities. Actual returns on plan assets that are lower than the plan assumptions will generally result in decreases in a plan's funded status.

Income Taxes

Deferred income taxes are provided using the liability method, whereby deferred income tax assets are recognized for deductible temporary differences and loss carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax basis. Deferred income 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 income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Recent changes in accounting for uncertain tax positions can result in significant variability in the Company's effective income tax rate.

The Company files income tax returns with the Internal Revenue Service (IRS) and various state tax jurisdictions. From time to time, the Company is subject to routine audits by those agencies, and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies, believes its positions taken regarding its filings are valid, and that adequate tax liabilities have been recorded to resolve such matters. However, the actual outcome cannot be determined with certainty and the difference could be material, either positively or negatively, to the Consolidated Statements of Operations and Comprehensive Income (Loss) in the periods in which such matters are ultimately determined. The Company does not believe the final resolution of such matters will be material to its consolidated financial position or cash flows.

Revenue Recognition

Advertising revenue is recorded when advertisements are placed in the publication or on the related online site. Circulation revenue is recorded as newspapers are distributed over the subscription term. Other revenue is recognized when the related product or service has been delivered. Unearned revenue arises in the ordinary course of business from advance subscription payments for publications or advance payments for advertising.

Uninsured Risks

The Company is self-insured for health care, workers compensation and certain long-term disability costs of its employees, subject to stop loss insurance, which limits exposure to large claims. The Company accrues its estimated health care costs in the period in which such costs are incurred, including an estimate of incurred but not reported claims. Other risks are insured and carry deductible losses of varying amounts. An increasing frequency of large claims or deterioration in overall claim experience could increase the volatility of expenses for such self-insured risks.

The Company's reserves for health care and workers compensation claims are based upon estimates of the remaining liability for retained losses made by consulting actuaries. The amount of workers compensation reserve has been determined based upon historical patterns of incurred and paid loss development factors from the insurance industry.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2006, the FASB issued Statement 158, *Employer's Accounting for Defined Benefit Pension Postretirement Plans*, which amends Statements 87, 88, 106 and 132(R). The Company adopted the recognition and disclosure provisions of Statement 158 as of September 30, 2007.

Statement 158 will also require the Company to change its measurement date to the last day of the fiscal year from a date three months prior to the end of the fiscal year, beginning in 2009. The change in measurement date will require a one-time adjustment to accumulated deficit, the effect of which cannot be determined at this time. None of the changes required will impact the Company's results of operations or cash flows.

In 2006, the FASB issued Statement 157, *Fair Value Measurements*, which defines fair value, provides guidelines for measuring fair value and expands disclosure requirements. Statement 157 does not require any new fair value measurement but applies to the accounting pronouncements that require or permit fair value measurement. Statement 157 is effective for the Company in 2009. The Company does not anticipate that the implementation of Statement 157 will have a material impact on its financial position, results of operation, or cash flows. The FASB has deferred the effective date of this pronouncement until 2010 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements.

In 2007, the FASB issued Statement 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which provides the Company the option to measure many financial instruments and certain other items at fair value that are not currently required or permitted to be measured at fair value. Statement 159 is effective for the Company in 2009. The Company has not completed its evaluation on the effect of Statement 159 on its Consolidated Financial Statements.

In 2008, the FASB issued Statement 141(R), *Business Combinations* and Statement 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51*. Statement 141(R) establishes requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interests. For the Company, the provisions of Statement 141(R) are effective for business combinations occurring in 2010. Statement 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of stockholders' equity. Statement 160 is effective for the Company in 2010. The Company has not completed its evaluation of the effects of Statements 141(R) and 160 on its Consolidated Financial Statements.

In 2008, the FASB issued Statement 161, *Disclosures About Derivative Instruments and Hedging Activities*, an amendment of FASB Statement 133. Statement 161 requires disclosure regarding the objectives and strategies for using derivative instruments and the credit-risk-related features. Statement 161 also requires disclosure of the fair value amounts and the gains and loses on derivative instruments in tabular form. Statement 161 is effective for the Company in 2010.

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CONTINUING OPERATIONS

2008 vs. 2007

Operating results, as reported in the Consolidated Financial Statements, are summarized below:

(Thousands, Except Per Common Share Data)	2008	2007	Percent Change Total	Percent Change Same Property
Advertising revenue:				
Retail	$ 434,069	$ 455,802	(4.8)%	(4.7)%
National	44,143	54,901	(19.6)	(19.6)
Classified:				
Daily newspapers:				
Employment	59,457	81,683	(27.2)	(27.2)
Automotive	45,388	55,308	(17.9)	(17.9)
Real estate	43,282	58,529	(26.1)	(26.1)
All other	43,006	39,284	9.5	9.5
Other publications	43,361	47,737	(9.2)	(9.6)
Total classified	234,494	282,541	(17.0)	(17.1)
Online	55,119	56,074	(1.7)	(1.7)
Niche publications	15,874	16,094	(1.4)	(1.4)
Total advertising revenue	783,699	865,412	(9.4)	(9.4)
Circulation	195,457	203,481	(3.9)	(3.9)
Commercial printing	15,993	16,541	(3.3)	(3.3)
Online services and other	33,719	34,760	(3.0)	(3.0)
Total operating revenue	1,028,868	1,120,194	(8.2)	(8.1)
Compensation	421,652	439,426	(4.0)	(3.8)
Newsprint and ink	103,926	111,842	(7.1)	(10.0)
Other operating expenses	292,840	294,145	(0.4)	(0.7)
Curtailment gains	-	(3,731)	NM	NM
Workforce adjustments and early retirement programs	3,428	7,962	NM	NM
	821,846	849,644	(3.3)	(3.8)
Operating cash flow	207,022	270,550	(23.5)	(20.3)
Depreciation and amortization	91,078	92,700	(1.7)	
Impairment of goodwill and other assets	1,070,808	-	NM	
Equity in earnings of associated companies	10,211	20,124	(49.3)	
Reduction in investment in TNI	104,478	-	NM	
Operating income (loss)	(1,049,131)	197,974	NM	
Non-operating expense, net	64,730	82,749	(21.8)	
Income (loss) from continuing operations before income taxes	(1,113,861)	115,225	NM	
Income tax expense (benefit)	(234,202)	33,828	NM	
Minority interest	535	1,069	(50.0)	
Income (loss) from continuing operations	(880,194)	80,328	NM	
Discontinued operations, net	285	671	NM	
Net income (loss)	(879,909)	80,999	NM	
Increase in redeemable minority interest	8,838	-	NM	
Income (loss) available to common stockholders	$ (888,747)	$ 80,999	NM	
Earnings (loss) per common share:				
Basic	$ (19.83)	$ 1.77	NM	
Diluted	(19.83)	1.77	NM	

The Company's 2008 fiscal year ended on the last Sunday in September. Beginning in 2008, all of the Company's enterprises use period accounting. The Company and its enterprises owned before the Pulitzer acquisition, which accounted for approximately 63% of revenue in 2008, used calendar accounting prior to 2008, with a September 30 fiscal year end. Pulitzer used period accounting for 2007. The table below summarizes days of business activity in years presented:

	Enterprises Owned Prior to Pulitzer Acquisition		Pulitzer Enterprises		TNI	
(Business Days)	2008	2007	2008	2007	2008	2007
Period Ending:						
December	91	92	91	91	91	98
March	91	90	91	91	91	91
June	91	91	91	91	91	91
September	91	92	91	98	91	91
	364	365	364	371	364	371

In total, acquisitions and divestitures accounted for $664,000 of operating revenue in 2008 and $817,000 of operating revenue in 2007.

Economic Conditions

The United States economy has been in a recession since December 2007, according to the National Bureau of Economic Research, and it is widely believed that certain elements of the economy, such as housing, were in decline before that time. 2008 revenue, operating results and cash flows were significantly impacted by the recession. The duration and depth of an economic recession in markets in which the Company operates may further reduce its future advertising and circulation revenue, operating results and cash flows.

Advertising Revenue

In 2008, advertising revenue decreased $81,713,000, or 9.4%, and same property advertising revenue decreased $81,566,000, or 9.4%. On a combined basis, same property print and online retail advertising decreased 3.5%. Same property print retail revenue decreased $21,381,000, or 4.7%, in 2008. A 5.0% decrease in daily newspaper retail advertising lineage contributed to the decrease. Same property average retail rates, excluding preprint insertions, decreased 0.8% in 2008. Retail preprint insertion revenue decreased 2.6%. Online retail advertising increased 19.0%.

The table below combines print and online advertising revenue and reclassifies certain print retail revenue to classified based on the primary business of the advertiser:

(Thousands, Same Property)	2008	2007	Percent Change
Retail	$439,477	$455,308	(3.5)%
Classified:			
Employment	$ 90,822	$116,859	(22.3)%
Automotive	62,918	72,901	(13.7)
Real estate	57,294	76,114	(24.7)
Other	72,175	72,435	(0.4)
Total classified revenue	$283,209	$338,309	(16.3)%

Same property print classified advertising revenue decreased $48,254,000, or 17.1%, in 2008. On a combined basis, print and online classified revenue decreased 16.3%. Higher rate print employment advertising at the daily newspapers decreased 27.2% for the year on a same property basis. Same property print automotive advertising decreased 17.9% amid an industry-wide decline. Same property print real estate advertising decreased 26.1% in a weak housing market nationally, which also negatively impacted the home improvement, furniture and home electronics categories of retail revenue. Other daily newspaper print classified advertising increased 9.5% on a same property basis. Same property classified advertising rates decreased 9.4%.

Advertising lineage, as reported on a same property basis for the Company's daily newspapers only, consists of the following:

(Thousands of Inches)	2008	2007	Percent Change
Retail	12,639	13,305	(5.0)%
National	612	677	(9.6)
Classified	14,317	15,833	(9.6)
	27,568	29,815	(7.5)%

Online advertising revenue decreased 1.7% on a same property basis, due to decreases in online classified sales, partially offset by a 19.0% increase in retail revenue. In addition, the Company began offering online employment advertising in Yahoo! Hot Jobs in 2007.

National advertising decreased $10,757,000, or 19.6%, on a same property basis due to a 9.6% decline in lineage and a 19.5% decrease in average national rate. Advertising in niche publications decreased 1.4% on a same property basis.

The Company's year-over-year advertising results in 2008 and 2007 compare favorably to national statistics published by the NAA.

Circulation and Other Revenue

Circulation revenue decreased $8,024,000, or 3.9% in 2008, and same property circulation revenue decreased $8,018,000, or 3.9%. The Company's total average daily newspaper circulation units, including TNI and MNI, as measured by the ABC, declined 3.7% for the six months ended September 2008, compared to the same period in the prior year, and Sunday circulation declined 1.5%, significantly outperforming the industry as a whole, which experienced 4.5% declines both daily and Sunday. For the six months ended March 2008, total average daily circulation units including TNI and MNI, declined 2.9% and Sunday circulation decreased 0.8%, again outperforming the industry. In spite of modest declines in circulation, Company research in its larger markets indicates it is reaching an increasingly larger audience in these markets through modest growth in newspaper readership and rapid online growth, as well as through additional specialty and niche publications.

Same property commercial printing revenue decreased $548,000, or 3.3%, in 2008. Same property online services and other revenue decreased $1,043,000, or 3.0%, in 2008.

Operating Expenses

Costs other than depreciation, amortization and unusual costs (and cost reductions) decreased $26,995,000, or 3.2%, in 2008, and decreased $29,699,000, or 3.6%, on a same property basis. In total, acquisitions and divestitures accounted for $814,000 of operating expenses, excluding depreciation and amortization, in 2008 and $1,123,000 in 2007.

Compensation expense decreased $17,774,000, or 4.0%, in 2008 and same property compensation expense decreased 3.8% driven by a decline in same property full time equivalent employees of 4.3%.

Newsprint and ink costs decreased $7,916,000, or 7.1%, in 2008 due to decreased usage from lower advertising, reduced page sizes and some reduction of content, partially offset by higher unit prices. Costs decreased 10.0% on a same property basis and volume decreased 11.2% on a same property basis. See Item 7A, "Commodities", included herein.

Other operating costs, which are comprised of all operating expenses not considered to be compensation, newsprint, depreciation, amortization, or unusual costs (or cost reductions) decreased $1,305,000, or 0.4%, in 2008 and decreased 0.7% on a same property basis.

In 2007, defined pension benefits for certain of the Company's employees were frozen at then current levels. As a result, the Company recognized a curtailment gain of $1,791,000 in 2007, and also recognized the Company's 50% share of the $2,074,000 gain recognized by TNI.

In 2007, defined postretirement medical benefits for certain of the Company's employees were modified. As a result, the Company recognized a curtailment gain of $1,940,000.

In 2008, reductions in staffing resulted in workforce adjustment costs totaling $3,428,000. In 2007, the *St. Louis Post-Dispatch* concluded an offering of early retirement incentives that resulted in an adjustment of staffing levels. 60 employees volunteered to take advantage of the offer, which included enhanced pension and insurance benefits, and lump-sum cash payments based on continuous service. The initial cost totaled $10,704,000 before income tax benefit of which $7,962,000 was recorded as expense. The $2,742,000 remaining cost was offset against previously existing unrecognized gains in certain of the Company's defined benefit plans. Approximately $3,700,000 of the cost represents cash payments, with the remainder due primarily to enhancements of pension and other postretirement benefits.

In October and December 2008, the Company notified certain participants in its postretirement medical plans of administrative changes to be made to the plans, effective in January 2009, including increases in employee premiums, changes in the plans' reimbursement of medical expenses covered by Medicare, elimination of certain coverage options and the establishment of an account based structure. The changes are expected to reduce annual net periodic postretirement medical cost by approximately $5,400,000, beginning in January 2009, and will reduce the benefit obligation by approximately $27,500,000, effective in January 2009.

The Company is engaged in various efforts to continue to reduce its operating expenses in 2009 and beyond, including staff reductions and newsprint conservation. The Company expects its operating expenses, excluding depreciation, amortization and unusual costs (and cost reductions), to decline approximately 7-8% in 2009.

Results of Operations

As a result of the above, operating cash flow decreased 23.5% to $207,022,000 in 2008 from $270,550,000 in 2007, and decreased 20.3% on a same property basis. Operating cash flow margin decreased to 20.1% from 24.2% in the prior year reflecting a larger decrease in operating revenue than the decrease in operating expenses, as well as unusual costs (and cost reductions) in both years.

Depreciation expense increased $1,715,000, or 5.2%, and amortization expense decreased $3,337,000, or 5.6%, in 2008.

The Company analyzes its goodwill and other nonamortized intangible assets for impairment on an annual basis at the end of its fiscal year, or more frequently if impairment indicators are present. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets. Due primarily to the continuing, and increasing difference between its stock price and the per share carrying value of its net assets, the Company analyzed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008. Deterioration in the Company's revenue and the overall recessionary operating environment for the Company and other publishing companies were also factors in the timing of the analyses. The Company concluded the fair value of its business did not exceed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008.

As a result, in 2008 the Company recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. The Company also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of the Company's investment in TNI. The Company also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment.

Equity in earnings in associated companies decreased $9,913,000, or 49.3% in 2008. Operations of these businesses were similarly impacted by the recession. In April 2008, one of MNI's daily newspapers, *The*

Capital Times, decreased print publication from six days per week to one day. The change resulted in severance and other transition costs of $2,578,000. MNI expects the change will result in annual cost savings of $3,500,000 to $4,000,000, beginning in 2009. The Company's 50% share of TNI's curtailment gain increased 2007 results by $1,037,000.

The above resulted in an operating loss of $1,049,131,000, compared to operating income of $197,974,000 in the prior year.

Non-Operating Income and Expense

Financial expense decreased $18,869,000, or 20.9%, to $71,472,000 due to debt reduction of $63,250,000 funded primarily by cash generated from operations, as well as lower interest rates. LIBOR in 2008 decreased substantially from its 2007 levels.

Amendments to the Company's Credit Agreement consummated in 2009 will increase financial expense in 2009 in relation to LIBOR. Under the amendments, the Company's credit spreads will generally increase 200 basis points from the current pricing grid. The maximum rate will be increased to LIBOR plus 400 basis points. At the September 2008 leverage level, the Company's debt under the Credit Agreement will be priced at LIBOR plus 300 basis points.

Overall Results

Income tax expense (benefit) was (21.0%) of loss from continuing operations before income taxes in 2008 and 29.4% of income from continuing operations before income taxes in 2007. The favorable resolution of federal and state tax audits and other matters increased income tax benefit by $2,811,000 in 2008 and reduced income tax expense by $6,880,000 in 2007. In 2008, the Company reduced certain deferred income tax assets by an increase in the valuation allowance of $29,502,000 due to the uncertainty that such assets will be realized.

On May 1, 2010, Herald will have a one-time right (the 2010 Redemption) to require PD LLC to redeem Herald's interest in PD LLC, together with Herald's interest, if any, in DS LLC, another limited liability company in which Pulitzer is the managing member and which is engaged in the business of delivering publications and products in the greater St. Louis metropolitan area.

Recording of the liability for the 2010 Redemption resulted in an increase of loss available to common stockholders in 2008 of $8,838,000 and an increase in loss per common share of $0.20. The Company estimates the ongoing impact on earnings per common share from accounting for the 2010 Redemption of up to $0.10 per year through April 2010. There is no impact on net income based on the application of current accounting standards. Also, under such standards, if the 2010 Redemption does not occur, the liability and earnings per common share impact discussed above will be reversed for all periods.

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As a result of all of the above, loss available to common stockholders totaled $888,747,000 in 2008 compared to income available to common stockholders of $80,999,000 in 2007. The Company recorded a loss per diluted common share of $19.83 in 2008 compared to earnings of $1.77 in 2007. Excluding unusual costs (and cost reductions), as detailed in the table below, diluted earnings per common share, as adjusted, were $0.97 in 2008, compared to $1.66 in 2007.

	2008		2007	
(Thousands, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income (loss) available to common stockholders, as reported	$ (888,747)	$ (19.83)	$80,999	$ 1.77
Adjustments:				
Impairment of goodwill and other assets	1,070,808		-	
Reduction of investment of TNI	104,478		-	
Workforce adjustments, early retirement programs and transition costs	4,463		7,962	
Curtailment gains	-		(3,731)	
Curtailment gains, TNI	-		(1,037)	
	1,179,749		3,194	
Income tax benefit of adjustments, net of impact on minority interest	(283,012)		(1,406)	
	896,737	20.01	1,788	0.04
Benefit of other federal and state tax adjustments	(2,811)	(0.06)	(6,880)	(0.15)
Increase in deferred tax valuation allowance	29,502	0.66	-	
	34,681	0.77	75,907	1.66
Change in redeemable minority interest liability	8,838	0.20	-	
Net income, as adjusted	$ 43,519	$ 0.97	$75,907	$ 1.66

2007 vs. 2006

Operating results, as reported in the Consolidated Financial Statements, are summarized below:

(Thousands, Except Per Common Share Data)	2007	2006	Percent Change Total	Percent Change Same Property
Advertising revenue:				
Retail	$ 455,802	$ 460,849	(1.1)%	(1.1)%
National	54,901	57,864	(5.1)	(5.1)
Classified:				
Daily newspapers:				
Employment	81,683	89,871	(9.1)	(9.1)
Automotive	55,308	60,811	(9.0)	(9.0)
Real estate	58,529	63,329	(7.6)	(7.6)
All other	39,284	38,715	1.5	1.5
Other publications	47,737	45,078	5.9	5.8
Total classified	282,541	297,804	(5.1)	(5.1)
Online	56,074	35,610	57.5	57.5
Niche publications	16,094	16,381	(1.8)	(1.7)
Total advertising revenue	865,412	868,508	(0.4)	(0.4)
Circulation	203,481	204,807	(0.6)	(0.7)
Commercial printing	16,541	17,194	(3.8)	(1.9)
Online services and other	34,760	30,881	12.6	9.6
Total operating revenue	1,120,194	1,121,390	(0.1)	(0.2)
Compensation	439,426	432,708	1.6	0.7
Newsprint and ink	111,842	119,506	(6.4)	(4.7)
Other operating expenses	294,145	278,120	5.8	6.0
Curtailment gains	(3,731)	-	NM	NM
Early retirement programs	7,962	8,654	NM	NM
Transition costs	-	4,589	NM	NM
	849,644	843,577	0.7	1.3
Operating cash flow	270,550	277,813	(2.6)	(4.1)
Depreciation and amortization	92,700	90,276	2.7	
Impairment of other assets	-	4,837	NM	
Equity in earnings of associated companies	20,124	20,739	(3.0)	
Operating income	197,974	203,439	(2.7)	
Non-operating expense, net	82,749	91,922	(10.0)	
Income from continuing operations before income taxes	115,225	111,517	3.3	
Income tax expense	33,828	39,508	(14.4)	
Minority interest	1,069	1,231	(13.2)	
Income from continuing operations	80,328	70,778	13.5	
Discontinued operations, net	671	54	NM	
Net income	$ 80,999	$ 70,832	14.4%	
Earnings per common share:				
Basic	$ 1.77	$ 1.56	13.5%	
Diluted	1.77	1.56	13.5	

The Company and its enterprises owned before the Pulitzer acquisition, which accounted for approximately 61% of revenue in 2007, used calendar accounting in 2007 and 2006 with a September 30 fiscal year end. Pulitzer operations used period accounting for 2007 and 2006. The table below summarizes days of business activity in years presented:

	Enterprises Owned Prior to Pulitzer Acquisition	Pulitzer Enterprises		TNI	
(Business Days)	2007 and 2006	2007	2006	2007	2006
Period Ending:					
December	92	91	91	98	91
March	90	91	91	91	91
June	91	91	91	91	91
September	92	98	91	91	91
	365	371	364	371	364

In total, acquisitions and divestitures accounted for $3,900,000 of operating revenue in 2007 and $3,007,000 of operating revenue in 2006.

Advertising Revenue

In 2007, total advertising revenue decreased $3,096,000, or 0.4%, and same property advertising revenue decreased $3,153,000, or 0.4%. On a combined basis, print and online retail advertising increased 0.4%. Same property print retail revenue decreased $5,076,000, or 1.1%, in 2007. A 1.8% decrease in retail advertising lineage contributed to the decrease. Same property average retail rates, excluding preprint insertions, decreased 0.7% in 2007. Retail preprint insertion revenue increased 2.5%, partially offsetting lineage and rate declines. Online retail advertising increased 53.9% resulting in an overall increase in retail advertising.

The table below combines print and online advertising revenue and reclassifies certain retail revenue to classified based on the primary business of the advertiser:

(Thousands, Same Property)	2007	2006	Percent Change
Retail	$455,871	$453,963	0.4%
Classified:			
Employment	$116,864	$109,464	6.8%
Automotive	72,901	77,336	(5.7)
Real estate	76,114	80,887	(5.9)
Other	72,467	72,471	-
Total classified revenue	$338,346	$340,158	(0.5)%

Same property print classified advertising revenue decreased $15,291,000, or 5.1%, in 2007. On a combined basis, print and online classified revenue decreased 0.5%. Increases in online advertising more than offset print advertising declines in employment advertising and mitigated declines in other print classified categories. Higher rate employment advertising at the daily newspapers decreased 9.1% for the year on a same property basis. The Company’s decreases in print employment classified advertising compare favorably to national survey amounts. The September 2007 Help Wanted Index, as calculated by the Conference Board, decreased 17.2% from the prior year level. Same property print automotive advertising decreased 9.0%, amid a continuing industry-wide decline. Same property print real estate advertising decreased 7.6% in a weakening housing market nationally, which also negatively impacted the home improvement, furniture and home electronics categories of retail revenue. Other daily newspaper print classified advertising increased 1.5% on a same property basis. Same property print classified advertising rates decreased 3.2% primarily due to decreases in employment and automotive rates.

Advertising lineage, as reported on a same property basis for the Company's daily newspapers only, consists of the following:

(Thousands of Inches)	2007	2006	Percent Change
Retail	13,305	13,548	(1.8)%
National	677	778	(13.0)
Classified	15,833	16,490	(4.0)
	29,815	30,816	(3.2)%

Online advertising revenue increased 57.5% on a same property basis, due to rate increases, improvements in the Company's online sites and cross-selling with the Company's print publications. In addition, the Company began offering online employment advertising in Yahoo! Hot Jobs in 2007. In 2007 online advertising surpassed national as a source of advertising revenue.

National advertising decreased $2,965,000, or 5.1%, on a same property basis due to a 13.0% decline in lineage offset by a 6.2 increase in average national rate. Advertising in niche publications decreased 1.7% on a same property basis.

The Company's year-over-year advertising results in 2007 and 2006 compare favorably to national statistics published by the NAA.

Circulation and Other Revenue

Circulation revenue decreased $1,326,000, or 0.6% in 2007, and same property circulation revenue decreased $1,348,000, or 0.7%. The Company's total average daily newspaper circulation units, including TNI and MNI, as measured by the ABC, or other independent organizations, declined 1.8% for the six months ended September 2007, compared to the same period in the prior year, and Sunday circulation declined 0.8%, significantly outperforming the industry as a whole. For the six months ended March 2007, total average daily circulation units, including TNI and MNI, declined 0.3% and Sunday circulation decreased 1.4%, again outperforming the industry. In spite of modest declines in circulation, Company research in its larger markets indicates it is reaching an increasingly larger audience in these markets through modest growth in newspaper readership and rapid online growth, as well as through additional specialty and niche publications.

Same property commercial printing revenue decreased $318,000, or 1.9%, in 2007. Same property online services and other revenue increased $2,729,000, or 9.6%, in 2007.

Operating Expenses and Results of Operations

Costs other than depreciation, amortization and unusual costs (and cost reductions) increased $15,079,000, or 1.8%, in 2007, and increased $13,437,000, or 1.7%, on a same property basis. In total, acquisitions and divestitures accounted for $3,782,000 of operating expenses, excluding depreciation and amortization, in 2007 and $2,720,000 in 2006.

Compensation expense increased $6,718,000, or 1.6%, in 2007 and increased 0.7% on a same property basis. Normal salary adjustments and associated increases in payroll taxes and benefits account for the increase, partially offset by a decline in same property full time equivalent employees of 1.1% in 2007 from the prior year level.

Newsprint and ink costs decreased $7,664,000, or 6.4%, in 2007 due to lower newsprint prices and decreased usage. Costs decreased 4.7% on a same property basis due to migration to lighter weight paper and narrower page widths. Newsprint prices, which had been increasing since the summer of 2002, declined from September 2006 until June 2007 and were stable for the remainder of 2007. See Item 7A, "Commodities", included herein.

Other operating costs, which are comprised of all operating expenses not considered to be compensation, newsprint, depreciation, amortization or unusual costs (and cost reductions), increased $16,025,000, or 5.8%, in 2007 and increased 6.0% on a same property basis. Expenses to support revenue initiatives in print and online and maintain circulation contributed to the growth in other operating expenses.

In 2007, defined pension benefits for certain of the Company's employees were frozen at then current levels. As a result, the Company recognized a curtailment gain of $1,791,000 in 2007, and also recognized the Company's 50% share of the $2,074,000 gain recognized by TNI.

In 2007, defined postretirement medical benefits for certain of the Company's employees were modified. As a result, the Company recognized a curtailment gain of $1,940,000.

In 2007, the *St. Louis Post-Dispatch* concluded an offering of early retirement incentives that resulted in an adjustment of staffing levels. 60 employees volunteered to take advantage of the offer, which included enhanced pension and insurance benefits, and lump-sum cash payments based on continuous service. The initial cost totaled $10,704,000 before income tax benefit of which $7,962,000 was recorded as expense. The $2,742,000 remaining cost was offset against previously existing unrecognized gains in certain of the Company's defined benefit plans. Approximately $3,700,000 of the cost represents cash payments substantially all of which were made in 2008, with the remainder due primarily to enhancements of pension and other postretirement benefits.

In 2006, the *St. Louis Post-Dispatch* concluded another offering of early retirement incentives that resulted in an adjustment of staffing levels. 130 employees volunteered to take advantage of the offer, which included enhanced pension and insurance benefits and lump sum cash payments based on continuous service. The cost totaled $17,778,000 before income tax benefit, with $8,654,000 recognized in 2006, and $9,124,000 recognized in 2005. Approximately $7,000,000 of the cost represented cash payments made, with the remainder due primarily to enhancements of pension and other postretirement benefits.

Transition costs related to the acquisition of Pulitzer, which are not included in same property comparisons, totaled $4,589,000 in 2006. Transition costs were comprised of costs directly related to the acquisition of Pulitzer that were separately identifiable and non-recurring, but not capitalizable under GAAP.

Results of Operations

Operating cash flow decreased 2.6% to $270,550,000 in 2007 from $277,813,000 in 2006, and decreased 4.1% on a same property basis. Operating cash flow margin decreased to 24.2% from 24.8% in the prior year reflecting a decrease in operating revenue and increase in operating expenses, as well as unusual costs (and cost reductions) in both years.

Depreciation expense decreased $561,000, or 1.7%, and amortization expense increased $2,985,000, or 5.3%, in 2007.

In 2006, the Company, based on its most recent analysis and in conjunction with its ongoing requirement to assess the estimated useful lives of intangible assets, concluded that the period of economic benefit of certain identified intangible assets related to the Pulitzer acquisition had decreased. As a result, the weighted-average useful life of customer lists, including those of TNI, was decreased from approximately 21 years to 17 years.

The change in estimated useful life of such assets resulted in recognition of additional amortization expense of $1,847,000 in 2006, of which $469,000 was recorded in equity in earnings of TNI.

In 2006, the Company also recorded a separate non-cash charge of $5,424,000 to reduce the value of nonamortized masthead intangible assets of Pulitzer, of which $4,837,000 was recorded in amortization expense and $587,000 was recorded in equity in earnings of TNI.

Equity in earnings in associated companies decreased 3.0% in 2007. TNI, which uses period accounting, had 53 weeks of business activity in 2007, compared with 52 weeks in the prior year. The Company's 50% share of TNI's curtailment gain increased results by $1,037,000. MNI results in 2006 were reduced by the $1,002,000 loss on the sale of its Shawano, Wisconsin daily newspaper.

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As a result of all of the above, operating income decreased $5,465,000, or 2.7%. Operating income margin decreased to 17.7% in 2007 from 18.1%.

Non-Operating Income and Expense

Financial expense decreased $5,598,000, or 5.8%, to $90,341,000 due to debt reduction of $129,375,000 funded by cash generated from operations and 2006 sales of assets, which more than offset higher interest rates. In 2006, the Company wrote off certain other investments which resulted in a loss before income taxes of $2,037,000.

Overall Results

Income taxes were 29.4% of income from continuing operations before income taxes in 2007 and 35.4% in 2006. The favorable resolution of federal and state tax audits and other matters reduced income tax expense by $6,880,000 in 2007. The effective tax rate would have been 35.3% in 2007 without these matters.

As a result of all of the above, income from continuing operations totaled $80,328,000 in 2007, an increase of 13.5% compared to $70,778,000 in 2006. Earnings per diluted common share were $1.77 in 2007 and $1.56 in 2006. Excluding unusual costs (and cost reductions), as detailed in the table below, diluted earnings per common share, as adjusted, were $1.66 in 2007, compared to $1.81 in 2006.

	2007		2006	
(Thousands, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income available to common stockholders, as reported	$ 80,999	$1.77	$ 70,832	$1.56
Adjustments:				
Workforce adjustments, early retirement programs and transition costs	7,962		13,243	
Impairment of identified intangible assets	-		5,424	
Curtailment gains	(3,731)		-	
Curtailment gains, TNI	(1,037)		-	
	3,194		18,667	
Income tax benefit of adjustments, net of impact on minority interest	(1,406)		(6,857)	
	1,788	0.04	11,810	0.26
Benefit of other federal and state tax adjustments	(6,880)	(0.15)	-	-
Net income, as adjusted	$ 75,907	$1.66	$ 82,642	$1.81

DISCONTINUED OPERATIONS

Revenue from discontinued operations in 2008, 2007 and 2006 was $1,376,000, $7,581,000 and $48,362,000, respectively. Income from discontinued operations before income taxes was $128,000 in 2008, $882,000 in 2007, and $8,393,000 in 2006.

In 2008, the Company sold its daily newspaper in DeKalb, Illinois for $24,000,000, before income taxes. The transaction resulted in an after tax gain of $219,000 which is recorded in discontinued operations in 2008.

In 2007, the Company sold a weekly newspaper in Oregon for $250,000.

In 2006, the Company sold several stand-alone publishing and commercial printing operations in the Pacific Northwest, a twice-weekly newspaper in Oregon, and a daily newspaper in Rhinelander, Wisconsin. The transactions resulted in an after tax loss of $5,204,000, which is recorded in discontinued operations in 2006. Proceeds from the sales totaled $53,898,000 of which $20,700,000 was received in 2007 and $33,198,000 in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash provided by operating activities of continuing operations was $136,612,000 in 2008, $167,630,000 in 2007, and $196,203,000 in 2006. An operating loss in 2008 was caused primarily by non-cash charges for the impairment of goodwill and other assets and reduction of the Company's investment in TNI. Increased income from continuing operations in 2007 was accompanied by an increase in depreciation and amortization. Changes in operating assets and liabilities and the timing of income tax payments accounted for the bulk of the remainder of the change in all years.

An existing, unfunded, supplemental benefit retirement plan was liquidated, as planned, in 2008, reducing cash provided by operating activities by $17,926,000.

Investing Activities

Cash required for investing activities totaled $14,963,000 in 2008, $38,523,000 in 2007, and $42,666,000 in 2006. Capital spending totaled $20,606,000 in 2008, $34,381,000 in 2007 and $32,527,000 in 2006 and accounted for substantially all of the usage of funds in all years.

The Company anticipates that funds necessary for capital expenditures, which are expected to total approximately $15,000,000 in 2009, and other requirements, will be available from internally generated funds, or availability under its existing Credit Agreement. The 2009 Amendments, as discussed more fully below, limit capital expenditures to $20,000,000 in 2009.

Financing Activities

Cash required by financing activities totaled $113,360,000 in 2008, $160,934,000 in 2007, and $191,930,000 in 2006. Debt reduction and dividends accounted for the majority of the usage of funds in all years. The annual dividend declared was $0.76 per share in 2008 and $0.72 per share in 2007 and 2006.

In 2008, the Company announced its intention to acquire up to $30,000,000 of its Common Stock in open market and private transactions. 1,722,280 shares have been acquired and returned to authorized shares at an average price of $10.98.

The 2009 Amendments require the Company to suspend stockholder dividends and share repurchases until its total leverage ratio is less than 4.5:1.

Credit Agreement

In 2006, the Company entered into an amended and restated credit agreement (Credit Agreement) with a syndicate of financial institutions (the Lenders). The Credit Agreement provided for aggregate borrowing of up to $1,435,000,000 and consisted of a $950,000,000 A Term Loan, $35,000,000 B Term Loan and $450,000,000 revolving credit facility.

The Credit Agreement also provided the Company with the right, with the consent of the administrative agent, to request at certain times prior to June 2012 that one or more Lenders provide incremental term loan commitments of up to $500,000,000, subject to certain requirements being satisfied at the time of the request. The Credit Agreement matures in June 2012 and amended and replaced a $1,550,000,000 credit agreement consummated in 2005.

The Credit Agreement contained customary affirmative and negative covenants for financing of its type. These financial covenants included a maximum total leverage ratio (5.25:1 at September 28, 2008). The total leverage ratio is based primarily on the principal amount of debt, net of cash, which equaled $1,182,856,000 at September 28, 2008, divided by a measure of trailing 12 month operating results which includes several factors, including distributions from TNI and MNI. The Company's total leverage ratio at September 28, 2008 was 5.20:1. The Credit Agreement also included a minimum

interest expense coverage ratio of 2.5:1. The Company's interest expense coverage ratio at September 28, 2008 was 3.2:1. At September 28, 2008, the Company was in compliance with such covenants, as waived or amended from time to time.

The Credit Agreement requires the Company to apply the net proceeds from asset sales to repayment of the A Term Loan to the extent such proceeds exceed the amount used to purchase assets (other than inventory and working capital) within one year of the asset sales. Repayments in 2008, 2007 and 2006 met required repayments related to its sales transactions.

The Credit Agreement requires the Company to accelerate future payments under the A Term Loan in the amount of 75% of its Excess Cash Flow, as defined, beginning in 2008. The Company has Excess Cash Flow of approximately $62,000,000 in 2008 and, as a result, will be paying approximately $46,500,000 originally due under the A Term Loan in March and June 2009, in December 2008. The acceleration of such payments due to Excess Cash Flow does not change the due dates of other A Term Loan payments.

Amendments to Credit Agreement

In 2009, the Credit Agreement was amended (the 2009 Amendments).

Under the 2009 Amendments, the Company and certain of its subsidiaries pledged substantially all of their tangible and intangible assets, and granted mortgages covering certain real estate, as collateral for the payment and performance of their obligations under the Credit Agreement. Assets of Pulitzer, the Company's ownership interest in MNI and certain employee benefit plan assets are excluded.

The 2009 Amendments reduce the amount available under the revolving credit facility to $375,000,000 and eliminate the incremental term loan facility. The 2009 Amendments require the Company to suspend stockholder dividends and share repurchases until its total leverage ratio is less than 4.5:1. The 2009 Amendments also limit capital expenditures to $20,000,000 per year, with a provision for carryover of unused amounts from the prior year. Other covenants ensure that substantially all future cash flows of the Company are required to be directed for debt reduction.

Further, the 2009 Amendments modify other covenants, including restricting the Company's ability to make additional investments and acquisitions without the consent of its Lenders, limiting additional debt beyond that permitted under the Credit Agreement, and limiting the amount of unrestricted cash and cash equivalents the Company may hold to $15,000,000.

Under the 2009 Amendments, the Company's credit spreads will generally increase 200 basis points from the current pricing grid. The maximum rate (for leverage greater than 6.25:1) will be increased to LIBOR plus 400 basis points. At the September 2008 leverage level, the Company's debt under the Credit Agreement will be priced at LIBOR plus 300 basis points.

Under the 2009 Amendments, the Company's total leverage ratio limit will increase from 5.25:1 to 6.25:1 in September 2008, increase to 6.5:1 in December 2008, increase to 6.75:1 in March 2009, decrease to 6.5:1 in December 2009, decrease to 6.25:1 in September 2010 and decrease to 4.5:1 in December 2010. Each change in the leverage ratio limit noted above is effective on the last day of the fiscal quarter.

The interest expense coverage ratio limit will decline from 2.5:1 to 2.0:1 through March 2009, decrease thereafter to 1.7:1 through September 2009, increase thereafter to 1.8:1 through December 2009, increase thereafter to 1.9:1 through March 2010, increase thereafter to 2.0:1 through September 2010, and increase thereafter to 2.5:1.

The Company paid a fee of 0.5% to consenting lenders, which along with the related expenses, totals $6,277,000.

Pulitzer Notes

In conjunction with its formation in 2000, PD LLC borrowed $306,000,000 (Pulitzer Notes) from a group of institutional lenders (the Noteholders). The aggregate principal amount of the Pulitzer Notes is payable in

April 2009 and bears interest at an annual rate of 8.05%. The Pulitzer Notes are guaranteed by Pulitzer pursuant to a Guaranty Agreement dated May 1, 2000 (Guaranty Agreement) with the Noteholders. In turn, pursuant to an Indemnity Agreement dated May 1, 2000 (Indemnity Agreement) between The Herald Company, Inc. (Herald, Inc.) and Pulitzer, Herald, Inc. agreed to indemnify Pulitzer for any payments that Pulitzer may make under the Guaranty Agreement. In December 2006, Herald Inc. assigned its assets and liabilities to Herald.

The terms of the Pulitzer Notes, as amended, contain certain covenants and conditions including the maintenance, by Pulitzer, of EBITDA, as defined in the Guaranty Agreement, minimum net worth and limitations on the incurrence of other debt. At September 28, 2008, Pulitzer was in compliance with such covenants, as waived or amended from time to time. In addition, the Pulitzer Notes and the Operating Agreement with Herald (Operating Agreement) require that PD LLC maintain the Reserve, consisting of cash and investments in U.S. government securities, totaling approximately $126,060,000 at September 28, 2008 (Reserve). The Pulitzer Notes and the Operating Agreement provide for a $3,750,000 quarterly increase in the minimum Reserve balance through May 1, 2010, when the amount will total $150,000,000. See Note 19 of the Notes to Consolidated Financial Statements, included herein.

The Credit Agreement contains a cross-default provision tied to the terms of the Pulitzer Notes.

The purchase price allocation of Pulitzer resulted in an increase in the value of the Pulitzer Notes in the amount of $31,512,000, which is recorded as debt in the Consolidated Balance Sheets. This amount will be accreted over the remaining life of the Pulitzer Notes, until April 2009, as a reduction in interest expense using the interest method. This accretion will not increase the principal amount due to, or reduce the amount of interest to be paid to, the Noteholders.

The Company is required to refinance the Pulitzer Notes from time to time, as they become due, until May 1, 2015.

2009 Waivers

In December 2008, certain covenant violations related to the Credit Agreement and Pulitzer Notes, as applicable, were waived (the 2009 Waivers). The 2009 Waivers relate to the going concern modification of the auditors' reports on the Consolidated Financial Statements of the Company, and the separate financial statements of Pulitzer and PD LLC for 2008, and a delay in the timing of delivery of 2008 year end covenant compliance information related to the Credit Agreement and the Pulitzer Notes. Waivers were also obtained related to a violation of the Consolidated Net Worth (as defined) covenant as of September 28, 2008 and as of December 28, 2008 under the Pulitzer Notes. The 2009 Waivers under the Credit Agreement and Pulitzer Notes expire March 30, 2009 and January 16, 2009, respectively. The Company is required to provide final 2008 year end covenant compliance information related to the Credit Agreement no later than January 5, 2009.

The Company paid fees and expenses related to the 2009 Waivers totaling $1,874,000.

Liquidity

The Company's ability to operate as a going concern is dependent on its ability to refinance or amend its debt agreements as they become due, or earlier if available liquidity is consumed.

The Company's indebtedness could adversely affect its financial health in any or all of the following ways:

- Substantially all of the cash flows of the Company are required to be applied to payment of debt interest and principal, reducing funds available for investment, capital expenditures and other purposes;
- The Company reported significant net losses in 2008, due to impairment of goodwill and other assets resulting from the continuing and increasing difference between its stock price and the per share carrying value of its net assets. Reduced expectations of future cash flows were also an important factor in the determination of such impairment charges;
- The Company's flexibility to react to changes in economic and industry conditions may be more limited;
- Increasing leverage could make the Company more vulnerable in the event of additional deterioration of general economic conditions or other adverse events; and
- There could be a material impact on the Company's business if it is unable to meet the conditions of its debt agreements or obtain replacement financing.

The Company generated cash flows in 2008 sufficient to reduce net debt by $102,225,000, pay dividends totaling $32,573,000 and acquire shares of its Common Stock in the amount of $19,483,000. The Company does not have sufficient cash flows to meet both its requirements for 2009 operations and repayment of the Pulitzer Notes.

2009 principal payments required under the Credit Agreement totaling $142,500,000 are expected to exceed the Company's cash flows available for such payments. As a result, the Company expects to utilize a portion of its capacity under its revolving credit facility to fund a portion of the 2009 principal payments required. At September 28, 2008, the Company had $207,000,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments and letters of credit, has approximately $162,000,000 available for future use.

Principal payments under the Credit Agreement totaling $166,250,000 are due in 2010. The Company expects to utilize the remainder of its capacity under its revolving credit facility to fund a portion of the 2010 principal payments required.

The Pulitzer Notes mature in April 2009. The Company is actively engaged in discussions with the Noteholders, and to the extent their approval may also be required, the Lenders, to extend or refinance the Pulitzer Notes. The Company has also initiated discussions with the Lenders related to changes to the Credit Agreement to maintain sufficient long-term liquidity. However, the timing and ultimate outcome of such discussions cannot be determined at this time due in part, to the abnormal condition of the domestic credit markets and the overall recessionary operating environment in which the Company, Pulitzer, and other publishing companies are currently operating. Continuing instability or further disruptions of these markets could prohibit or make it more difficult for the Company to access new capital, increase the cost of capital or limit its ability to refinance existing indebtedness.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an Event of Default, including expiration of existing waivers, occurs and is not remedied. Many of those consequences are beyond the control of the Company, Pulitzer, and PD LLC, respectively. The occurrence of one or more Events of Default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents, any of which would impair the ability of the Company to operate its business as a going concern.

Interest Rate Exchange Agreements

At September 28, 2008, the Company had outstanding interest rate swaps in the notional amount of $200,000,000. The interest rate swaps have original terms of three to five years, carry interest rates from 4.3% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the amount, and for the time periods, of such instruments. In November 2008, interest rate swaps in the notional amounts of $75,000,000 expired.

In 2008, the Company executed interest rate collars in the notional amount of $150,000,000. The collars have a two year term and limit LIBOR to an average floor of 3.57% and a cap of 5.0%. Such collars effectively limit the range of the Company's exposure to interest rates to LIBOR greater than the floor and less than the cap (in either case plus the applicable LIBOR margin) for the time period of such instruments.

Discontinued Operations and Other Matters

Cash provided by discontinued operations totaled $15,170,000, $23,189,000, and $39,488,000 in 2008, 2007, and 2006, respectively. Cash proceeds from the sales of discontinued operations and cash generated from operations were the primary sources of funds in 2008, 2007, and 2006.

Cash and cash equivalents increased $23,459,000 in 2008, decreased $8,638,000 in 2007, and increased $1,095,000 in 2006.

SEASONALITY

The Company's largest source of publishing revenue, retail advertising, is seasonal and tends to fluctuate with retail sales in markets served. Historically, retail advertising is higher in the first and third fiscal quarters. Advertising revenue is lowest in the second fiscal quarter.

Quarterly results of operations are summarized in Note 21 of the Notes to Consolidated Financial Statements, included herein.

INFLATION

The Company anticipates that changing costs of newsprint, its basic raw material, may impact future operating costs. Energy costs have also become more volatile. Price increases (or decreases) for the Company's products are implemented when deemed appropriate by management. The Company continuously evaluates price increases, productivity improvements, sourcing efficiencies and other cost reductions to mitigate the impact of inflation.

CONTRACTUAL OBLIGATIONS

The following table summarizes the more significant of the Company's contractual obligations.

(Thousands of Dollars)	Payments (or Commitments) Due by Year				
Nature of Obligation	Total	Less Than 1	1-3	3-5	More Than 5
Debt (principal amount) [1]	$ 1,332,375	$ 448,500	$ 427,500	$ 456,375	$ -
Operating lease obligations	22,412	4,634	6,972	4,683	6,123
Financial expense [2][3]	18,474	18,474	-	-	-
Capital expenditure commitments	5,211	5,211	-	-	-
	$ 1,378,472	$ 476,819	$ 434,472	$ 461,058	$ 6,123

(1) Maturities of long-term debt exclude the possible impact of acceleration of amounts due under the Credit Agreement due to a future default under such agreement. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

(2) Financial expense excludes interest expense for the Pulitzer Notes after their maturity date in April 2009. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

(3) Financial expense excludes interest on floating rate debt. Based on LIBOR and the principal amount of floating rate debt at September 28, 2008, including debt subject to interest rate swaps and collars, as well as margins under the 2009 Amendments, annual interest on floating rate debt is expected to total approximately $59,000,000 in 2009. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

The table above excludes future cash requirements for pension, postretirement and postemployment obligations. The periods in which these obligations will be settled in cash are not readily determinable and are subject to numerous future events and assumptions. The Company's estimate of cash requirements for these obligations in 2009 is approximately $4,307,000. See Notes 9 and 10 of the Notes to Consolidated Financial Statements, included herein.

The table above excludes future cash requirements for the 2010 Redemption. The Company has not been notified that Herald will exercise its redemption rights. The present value of the 2010 Redemption at September 28, 2008 is approximately $72,031,000. See Note 19 of the Notes to Consolidated Financial Statements, included herein.

A substantial amount of the Company's deferred income tax liabilities is related to acquisitions and will not result in future cash payments. See Note 14 of the Notes to Consolidated Financial Statements, included herein.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk stemming from changes in interest rates and commodity prices. Changes in these factors could cause fluctuations in earnings and cash flows. In the normal course of business, exposure to certain of these market risks is managed as described below.

INTEREST RATES

Restricted Cash and Investments

Interest rate risk in the Company's restricted cash and investments is managed by investing only in short-term securities. Only U.S. Government and related securities are permitted.

Debt

The Company's debt structure and interest rate risk are managed through the use of fixed and floating rate debt. The Company's primary exposure is to LIBOR. A 100 basis point increase to LIBOR would decrease income from continuing operations before income taxes on an annualized basis by approximately $6,764,000, based on $676,375,000 of floating rate debt outstanding at September 28, 2008, after consideration of the interest rate swaps described below, and excluding debt subject to interest rate collars described below and debt of MNI. Such interest rates may also decrease.

At September 28, 2008, the Company has outstanding interest rate swaps in the notional amount of $200,000,000. The interest rate swaps have original terms of three to five years, carry interest rates from 4.3% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the amount, and for the time periods, of such instruments. In November 2008, interest rate swaps in the notional amounts of $75,000,000 expired.

In 2008, the Company executed interest rate collars in the notional amount of $150,000,000. The collars have a two year term and limit LIBOR to an average floor of 3.57% and a cap of 5.0%. Such collars effectively limit the range of the Company's exposure to interest rates to LIBOR greater than the floor and less than the cap (in either case plus the applicable LIBOR margin) for the time period of such instruments.

At September 28, 2008, after consideration of the interest rate swaps described above, approximately 62% of the principal amount of the Company's debt is subject to floating interest rates. The interest rate collars described above limit the Company's exposure to interest rates on an additional 11% of the principal amount of its debt.

Certain of the Company's interest-earning assets, including those in employee benefit plans, also function as a natural hedge against fluctuations in interest rates on debt.

COMMODITIES

Certain materials used by the Company are exposed to commodity price changes. The Company manages this risk through instruments such as purchase orders and non-cancelable supply contracts. The Company is a participant in a buying cooperative with other publishing companies, primarily for acquisition of newsprint. The Company is also involved in continuing programs to mitigate the impact of cost increases through identification of sourcing and operating efficiencies. Primary commodity price exposures are newsprint and, to a lesser extent, ink and energy costs.

Between November 2007 and December 2008, North American newsprint manufacturers implemented, or attempted to implement, as many as 13 price increases totaling up to $265 per metric ton on standard 30 pound newsprint. In October, November and December 2008, several suppliers delayed or rescinded several of such price increases. North American newsprint suppliers took significant steps in 2008 to curtail newsprint production capacity in an effort to balance supply capacity with declining demand trends and additional capacity reductions have been announced for 2009. Curtailment activities include permanent, indefinite, and temporary shutdown of newsprint production facilities. However, the significant

decline in North American 2008 newsprint demand and consumption appears to be greater than the total newsprint production restraints and may favorably impact pricing trends in 2009. In addition, 2007 and 2008 increases in raw material costs, energy costs and the value of the Canadian dollar relative to the U.S. dollar, all of which contributed to recent increases in newsprint prices, have recently reverted to significantly lower levels, which may mitigate future increases in newsprint costs, or lead to a decline in such costs. The final extent of changes in price, if any, is subject to negotiation between such manufacturers and the Company.

A $10 per metric ton price increase for 30 pound newsprint would result in an annualized reduction in income before income taxes of approximately $1,100,000 based on anticipated consumption in 2009, excluding consumption of MNI and TNI and the impact of LIFO accounting. Such prices may also decrease.

SENSITIVITY TO CHANGES IN VALUE

The Company's fixed rate debt consists of the Pulitzer Notes, which are not traded on an active market and held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists in the current recession, the Company is unable, as of September 28, 2008, to measure the maximum potential impact on fair value of fixed rate debt of the Company in one year from adverse changes in market interest rates under normal market conditions. The change in value, if determined, would likely be significant.

Changes in the value of interest rate swaps and interest rate collars from movements in interest rates are not determinable, due to the number of variables involved in the pricing of such instruments. However, increases in interest rates would generally result in increases in the fair value of such instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information with respect to this Item is included herein under the caption "Consolidated Financial Statements".

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Information with respect to this Item is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the caption "Relationship with Independent Registered Public Accounting Firm".

ITEM 9A. CONTROLS AND PROCEDURES

In order to ensure that the information that must be disclosed in filings with the Securities and Exchange Commission is recorded, processed, summarized and reported in a timely manner, the Company has disclosure controls and procedures in place. The Company's chief executive officer, Mary E. Junck, and chief financial officer, Carl G. Schmidt, have reviewed and evaluated disclosure controls and procedures as of September 28, 2008, and have concluded that such controls and procedures are effective.

There have been no changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect such controls, during the year ended September 28, 2008.

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Lee Enterprises, Incorporated (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of the Company's Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States of America.

Any internal control system, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Accordingly, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management of the Company assessed the effectiveness of the Company's internal control over financial reporting as of September 28, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on the assessment and those criteria, we believe that the Company maintained effective internal control over financial reporting as of September 28, 2008.

KPMG LLP, the Company's independent registered public accounting firm, issued an attestation report on the effectiveness of the Company's internal control over financial reporting. Their report appears on the following page.

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and Chief Executive Officer
December 31, 2008

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer
December 31, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Lee Enterprises, Incorporated:

We have audited Lee Enterprises, Incorporated's internal control over financial reporting as of September 28, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Lee Enterprises, Incorporated's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Lee Enterprises, Incorporated maintained, in all material respects, effective internal control over financial reporting as of September 28, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Lee Enterprises, Incorporated and subsidiaries as of September 28, 2008, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the 52-week period ended September 28, 2008.

Our report dated December 31, 2008, contains an explanatory paragraph that states that the Company has short-term obligations that cannot be satisfied by available funds and has incurred violations of debt covenants that subject the related principal amounts to acceleration, all of which raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

/s/ KPMG LLP

Chicago, Illinois
December 31, 2008

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to this Item, except for certain information related to the Company's Executive Officers, is included under the caption "Executive Team" in Part I of this Form 10-K, is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the captions "Proposal 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance". The Company's Executive Officers are those elected officers whose names and certain information are set forth under the caption "Executive Team" in Part 1 of this Form 10-K.

The Company has a Code of Business Conduct and Ethics (Code) that applies to all of its employees, including its principal executive officer, and principal financial and accounting officer. The Code is monitored by the Audit Committee of the Company's Board of Directors and is annually affirmed by its directors and executive officers. The Company maintains a corporate governance page on its website which includes the Code. The corporate governance page can be found at www.lee.net by clicking on "Governance." A copy of the Code will also be provided without charge to any stockholder who requests it. Any future amendment to, or waiver granted by the Company from, a provision of the Code will be posted on the Company's website.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this Item is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the captions, "Compensation of Directors", "Executive Compensation" and "Compensation Discussion and Analysis"; provided, however, that the subsection entitled "Executive Compensation – Report of the Executive Compensation Committee of the Board of Directors on Executive Compensation" shall not be deemed to be incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to this Item is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the caption "Voting Securities and Principal Holders Thereof" and "Equity Compensation Plan Information".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to this Item is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the caption "Directors' Meetings and Committees of the Board of Directors".

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to this Item is included in the Company's Proxy Statement to be filed in January 2009, which is incorporated herein by reference, under the caption "Relationship with Independent Registered Public Accounting Firm".

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report on Form 10-K:

FINANCIAL STATEMENTS

Consolidated Statements of Operations and Comprehensive Income (Loss) – Years ended September 28, 2008, and September 30, 2007 and 2006
Consolidated Balance Sheets – September 28, 2008 and September 30, 2007
Consolidated Statements of Stockholders' Equity – Years ended September 28, 2008, and September 30, 2007 and 2006
Consolidated Statements of Cash Flows – Years ended September 28, 2008, and September 30, 2007 and 2006
Notes to Consolidated Financial Statements
Reports of Independent Registered Public Accounting Firms

FINANCIAL STATEMENT SCHEDULES

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

EXHIBITS

See Exhibit Index, included herein.

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SIGNATURES

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 on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on the 31st day of December 2008.

LEE ENTERPRISES, INCORPORATED

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and Chief Executive Officer

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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 their respective capacities on the 31st day of December 2008.

Signature	
/s/ Richard R. Cole Richard R. Cole	Director
/s/ Nancy S. Donovan Nancy S. Donovan	Director
/s/ Leonard J. Elmore Leonard J. Elmore	Director
/s/ Mary E. Junck Mary E. Junck	Chairman, President, and Chief Executive Officer, and Director
/s/ William E. Mayer William E. Mayer	Director
/s/ Herbert W. Moloney III Herbert W. Moloney III	Director
/s/ Andrew E. Newman Andrew E. Newman	Director
/s/ Gordon D. Prichett Gordon D. Prichett	Director
/s/ Gregory P. Schermer Gregory P. Schermer	Vice President – Interactive Media, and Director
/s/ Mark B. Vittert Mark B. Vittert	Director

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EXHIBIT INDEX

Exhibits marked with an asterisk (*) are incorporated by reference to documents previously filed by the Company with the Securities and Exchange Commission, as indicated. Exhibits marked with a plus (+) are management contracts or compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K. All other documents listed are filed with this Annual Report on Form 10-K.

Number	Description
2.1 *	Agreement and Plan of Merger dated as of January 29, 2005 among Lee Enterprises, Incorporated, LP Acquisition Corp. and Pulitzer Inc. (Exhibit 2.1 to Form 8-K filed on February 3, 2005)
2.3 *	Asset Purchase Agreement dated September 6, 2006 by and among Lee Enterprises, Incorporated, Lee Procurement Solutions Co. and Sound Publishing, Inc. (Exhibit 2.3 to Form 10-K for the Fiscal Year Ended September 30, 2006)
2.4 *	Asset Purchase Agreement dated September 5, 2006 by and among Lee Enterprises, Incorporated, Lee Procurement and Target Media Partners Operating Company, LLC (Exhibit 2.4 to Form 10-K for the Fiscal Year Ended September 30, 2006)
3.1 *	Restated Certificate of Incorporation of Lee Enterprises, Incorporated, as amended, as of March 3, 2005 (Exhibit 3.1 to Quarterly Report on Form 10-Q for the Fiscal Quarter Ended March 31, 2005)
3.2 *	Amended By-Laws of Lee Enterprises, Incorporated effective May 17, 2007. (Exhibit 99.1 to Form 8-K filed May 21, 2007)
4 *	The description of the Company's preferred stock purchase rights contained in its report on Form 8-K, filed with the SEC on May 7, 1998, and related Rights Agreement, dated as of May 7, 1998 ("Rights Agreement"), between the Company and The First Chicago Trust Company of New York ("First Chicago"), as amended by Amendment No. 1 to the Rights Agreement dated January 1, 2008 between the Company and Wells Fargo Bank, N.A. (as successor rights agent to First Chicago) contained in the Company's report on Form 8-K filed with the SEC on January 11, 2008 as Exhibit 4.2, and the related form of Certificate of Designation of the Preferred Stock as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights as Exhibit C, included as Exhibit 1.1 to the Company's registration statement on Form 8-A filed with the SEC on May 26, 1998 (File No. 1-6227), as supplemented by Form 8-A/A, Amendment No. 1, filed with the SEC on January 11, 2008.
10.1 *	Amended and Restated Credit Agreement, dated as of December 21, 2005, by and among Lee Enterprises, Incorporated, the lenders from time to time party thereto, Deutsche Bank Trust Company Americas, as Administrative Agent, Deutsche Bank Securities Inc. and SunTrust Capital Markets, Inc., as Joint Lead Arrangers, Deutsche Bank Securities Inc., as Book Running Manager, SunTrust Bank, as Syndication Agent and Bank of America, N.A., The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch, as Co-Documentation Agents (Exhibit 10 to Form 10-Q for the Fiscal Quarter Ended December 31, 2005)
10.2 *	First Amendment and Waiver to Credit Agreement, dated as of September 29, 2008, among Lee Enterprises, Incorporated (the "Company"), the Lenders party thereto, Deutsche Bank Trust Company Americas, as Administrative Agent, related to the Company's Amended and Restated Credit Agreement, dated as of December 21, 2005, by and among the Company, Deutsche Bank Trust Company Americas, as Administrative Agent, Deutsche Bank Securities Inc. and SunTrust Capital Markets, Inc., as Joint Lead Arrangers, Deutsche Bank Securities Inc., as Book Running Manager, SunTrust Bank, as Syndication Agent, and Bank of America, N.A., The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch, as Co-Documentation Agents and other lenders thereto (Exhibit 10.1 to Form 8-K filed December 17, 2008)

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Number	Description
10.3 *	Second Amendment to Credit Agreement, dated as of October 29, 2008, among Lee Enterprises, Incorporated (the “Company”), the Lenders party thereto, Deutsche Bank Trust Company Americas, as Administrative Agent, related to the Company’s Amended and Restated Credit Agreement, dated as of December 21, 2005, by and among the Company, Deutsche Bank Trust Company Americas, as Administrative Agent, Deutsche Bank Securities Inc. and SunTrust Capital Markets, Inc., as Joint Lead Arrangers, Deutsche Bank Securities Inc., as Book Running Manager, SunTrust Bank, as Syndication Agent, and Bank of America, N.A., The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch, as Co-Documentation Agents and other lenders thereto (Exhibit 10.1 to Form 8-K filed December 17, 2008)
10.4	Second Waiver to Credit Agreement, dated as of December 22, 2008, among Lee Enterprises, Incorporated, the lenders party thereto and Deutsche Bank Trust Company Americas, as Administrative Agent
10.5 *	Security Agreement, dated as of November 21, 2008, among Lee Enterprises, Incorporated and certain of its subsidiaries in favor of Deutsche Bank Trust Company Americas, as Collateral Agent (Exhibit 10.1 to Form 8-K filed December 17, 2008)
10.6 *	Amended and Restated Agreement and Plan of Merger by and among Pulitzer Publishing Company, Pulitzer Inc. and Hearst-Argyle Television, Inc. dated as of May 25, 1998 (Exhibit 10.1 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.7 *	Amended and Restated Joint Operating Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company (Exhibit 10.2 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.8 *	Partnership Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company (Exhibit 10.3 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.9 *	Lease Agreement between Ryan Companies US, Inc. and Lee Enterprises, Incorporated dated May 2003 (Exhibit 10.7 to Form 10-K for the Fiscal Year Ended September 30, 2003)
10.10*	Operating Agreement of St. Louis Post-Dispatch LLC, dated as of May 1, 2000, as amended by Amendment No. 1 to Operating Agreement of St. Louis Post-Dispatch LLC, dated as of June 1, 2001 (Exhibit 10.5 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.11	Letter Agreement among The Herald Company, Inc., Pulitzer Inc. and Pulitzer Technologies, Inc. dated December 14, 2006
10.12 *	Joint Venture Agreement, dated as of May 1, 2000, among Pulitzer Inc., Pulitzer Technologies, Inc., The Herald Company, Inc. and St. Louis Post-Dispatch LLC (Exhibit 10.4 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.13 *	St. Louis Post-Dispatch LLC Note Agreement, dated as of May 1, 2000, as amended by Amendment No. 1 to Note Agreement, entered into as of November 23, 2004 (Exhibit 10.8 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.14	Amendment No. 2 to Note Agreement, entered into as of February 1, 2006, by and between St. Louis Post-Dispatch LLC and the Note Holders party thereto related to the St. Louis Post-Dispatch LLC Note Agreement, dated as of May 1, 2000, as amended
10.15	Amendment No. 3 to Note Agreement, entered into as of November 19, 2008, by and between St. Louis Post-Dispatch LLC and the Note Holders party thereto related to St. Louis Post-Dispatch LLC Note Agreement, dated as of May 1, 2000, as amended
10.16	Limited Waiver to Note Agreement and Guaranty Agreement entered into as of December 26, 2008 by and among St. Louis Post-Dispatch LLC, Pulitzer Inc. and the Note Holders party thereto
10.17 *	Pulitzer Inc. Guaranty Agreement, dated as of May 1, 2000 as amended by Amendment No. 1 to Guaranty Agreement, dated as of August 7, 2000, as further amended by Amendment No. 2 to Guaranty Agreement, dated as of November 23, 2004, and further amended by Amendment No. 3 to Guaranty Agreement, dated as of June 3, 2005 (Exhibit 10.9 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)

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Number	Description
10.18	Amendment No. 4 to Guaranty Agreement, dated as of February 1, 2006, by Pulitzer Inc. related to the Pulitzer Inc. Guaranty Agreement, dated as of May 1, 2000, as amended
10.19 *	Indemnity Agreement, dated as of May 1, 2000, between the Herald Company, Inc. and Pulitzer Inc. (Exhibit 10.6 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.20 *	License Agreement, dated as of May 1, 2000, by and between Pulitzer Inc. and St. Louis Post-Dispatch LLC (Exhibit 10.7 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.21 *	Non-Confidentiality Agreement, dated as of May 1, 2000 (Exhibit 10.10 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.22 +*	Form of Director Compensation Agreement of Lee Enterprises, Incorporated for non-employee director deferred compensation (Exhibit 10.7 to Form 10-K for the Fiscal Year Ended September 30, 2004)
10.23.1 +*	Lee Enterprises, Incorporated 1990 Long-Term Incentive Plan (effective October 1, 1999, as amended effective January 10, 2008) (Exhibit 10.1 to Form 10-Q for the Fiscal Quarter Ended March 30, 2008)
10.23.2 +*	Forms of related Incentive Stock Option Agreement, Non-Qualified Stock Option Agreement, Accelerated Ownership Stock Option Agreement and Restricted Stock Agreement related to Lee Enterprises, Incorporated 1990 Long-Term Incentive Plan (effective as of October 1, 1999, as amended November 16, 2005). (Exhibit 10.15.1a to Form 10-K for the Fiscal Year Ended September 30, 2005)
10.23.3 +*	Form of Key Executive Restricted Stock Agreement related to Lee Enterprises, Incorporated 1990 Long-Term Incentive Plan (Exhibit 10.2 to Form 8-K filed on November 26, 2004)
10.24 +*	Lee Enterprises, Incorporated Amended and Restated 1996 Stock Plan for Non-Employee Directors (Exhibit A to Schedule 14A Definitive Proxy Statement for 2003)
10.25 +	Lee Enterprises, Incorporated Supplementary Benefit Plan, Amended and Restated as of January 1, 2008
10.26 +	Lee Enterprises, Incorporated Outside Directors Deferral Plan, Amended and Restated as of January 1, 2008
10.27 +*	Amended and Restated Pulitzer Inc. Supplemental Executive Benefit Pension Plan (restated as of June 3, 2005) (Exhibit 10.15 to Form 10-Q for the Fiscal Quarter Ended June 30, 2005)
10.28 +*	Form of Amended and Restated Employment Agreement for certain Lee Enterprises, Incorporated Executive Officers Group (Exhibit 10.2 to Form 10-Q for the Fiscal Quarter Ended March 30, 2008)
10.29 +*	Form of Indemnification Agreement for Lee Enterprises, Incorporated Directors and Executive Officers Group (Exhibit 10.2 to Form 10-Q for the Fiscal Quarter Ended March 30, 2008)
10.30 +*	Lee Enterprises, Incorporated 2005 Incentive Compensation Program (Appendix A to Schedule 14A Definitive Proxy Statement for 2005)
10.31 +*	Cancellation Agreement dated November 19, 2004 between Lee Enterprises, Incorporated and Mary E. Junck (Exhibit 10.1 to Form 8-K filed on November 26, 2004)

Number	Description
21	Subsidiaries and associated companies
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm
23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
24	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Thousands, Except Per Common Share Data)	2008	2007	2006
Operating revenue:			
Advertising	$ 783,699	$ 865,412	$ 868,508
Circulation	195,457	203,481	204,807
Other	49,712	51,301	48,075
Total operating revenue	1,028,868	1,120,194	1,121,390
Operating expenses:			
Compensation	421,652	439,426	432,708
Newsprint and ink	103,926	111,842	119,506
Other operating expenses	292,840	294,145	278,120
Depreciation	34,670	32,955	33,516
Amortization of intangible assets	56,408	59,745	56,760
Impairment of goodwill and other assets	1,070,808	-	4,837
Curtailment gains	-	(3,731)	-
Workforce adjustments and early retirement programs	3,428	7,962	8,654
Transition costs	-	-	4,589
Total operating expenses	1,983,732	942,344	938,690
Equity in earnings of associated companies	10,211	20,124	20,739
Reduction in investment in TNI	(104,478)	-	-
Operating income (loss)	(1,049,131)	197,974	203,439
Non-operating income (expense):			
Financial income	5,857	7,613	6,054
Financial expense	(71,472)	(90,341)	(95,939)
Other, net	885	(21)	(2,037)
Total non-operating expense, net	(64,730)	(82,749)	(91,922)
Income (loss) from continuing operations before income taxes	(1,113,861)	115,225	111,517
Income tax expense (benefit)	(234,202)	33,828	39,508
Minority interest	535	1,069	1,231
Income (loss) from continuing operations	(880,194)	80,328	70,778
Discontinued operations:			
Income from discontinued operations, net of income tax effect	84	580	5,258
Gain (loss) on disposition, net of income tax effect	201	91	(5,204)
Net income (loss)	(879,909)	80,999	70,832
Increase in redeemable minority interest	8,838	-	-
Income (loss) available to common stockholders	(888,747)	80,999	70,832
Other comprehensive income (loss), net	1,001	(1,898)	1,674
Comprehensive income (loss) available to common stockholders	$ (887,746)	$ 79,101	$ 72,506
Earnings (loss) per common share:			
Basic:			
Continuing operations	$ (19.84)	$ 1.76	$ 1.56
Discontinued operations	0.01	0.01	-
	$ (19.83)	$ 1.77	$ 1.56
Diluted:			
Continuing operations	$ (19.84)	$ 1.75	$ 1.55
Discontinued operations	0.01	0.01	-
	$ (19.83)	$ 1.77	$ 1.56
Dividends per common share	$ 0.76	$ 0.72	$ 0.72

The accompanying Notes are an integral part of the Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

(Thousands, Except Per Share Data)	September 28 2008	September 30 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,459	$ -
Accounts receivable, less allowance for doubtful accounts:		
2008 $6,647; 2007 $10,266	100,380	118,723
Receivable from associated companies	-	1,563
Inventories	18,952	14,153
Deferred income taxes	3,675	7,343
Assets of discontinued operations	-	18,820
Other	7,313	6,281
Total current assets	153,779	166,883
Investments:		
Associated companies	81,022	191,975
Restricted cash and investments	126,060	111,060
Other	16,621	20,749
Total investments	223,703	323,784
Property and equipment:		
Land and improvements	30,729	31,661
Buildings and improvements	196,159	190,730
Equipment	314,338	313,838
Construction in process	4,317	14,559
	545,543	550,788
Less accumulated depreciation	252,715	226,133
Property and equipment, net	292,828	324,655
Goodwill	627,023	1,505,460
Other intangible assets, net	701,184	914,232
Other	17,850	25,949
Total assets	$ 2,016,367	$ 3,260,963

The accompanying Notes are an integral part of the Consolidated Financial Statements.

	September 28 2008	September 30 2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 1,337,640	$ 62,250
Accounts payable	53,827	39,288
Compensation and other accrued liabilities	60,416	96,036
Income taxes payable	5,431	7,971
Dividends payable	8,539	6,703
Unearned revenue	38,871	38,513
Liabilities of discontinued operations	-	3,943
Total current liabilities	1,504,724	254,704
Long-term debt, net of current maturities	-	1,346,630
Pension obligations	2,803	2,302
Postretirement and postemployment benefit obligations	58,767	72,236
Other retirement and compensation obligations	9,845	11,711
Deferred income taxes	196,300	478,418
Redeemable and other minority interest	72,244	7,291
Income taxes payable	11,756	-
Other	12,841	1,229
Total liabilities	1,869,280	2,174,521
Stockholders' equity:		
Serial convertible preferred stock, no par value; authorized 500 shares; none issued	-	-
Common Stock, $2 par value; authorized 120,000 shares; issued and outstanding:	78,222	79,958
2008; 39,111 shares;		
2007; 39,979 shares		
Class B Common Stock, $2 par value; authorized 30,000 shares; issued and outstanding:	11,958	12,416
2008; 5,979 shares;		
2007; 6,208 shares		
Additional paid-in capital	134,289	132,090
Retained earnings (accumulated deficit)	(120,575)	819,786
Accumulated other comprehensive income	43,193	42,192
Total stockholders' equity	147,087	1,086,442
Total liabilities and stockholders' equity	$ 2,016,367	$ 3,260,963

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Amount			Shares		
(Thousands)	2008	2007	2006	2008	2007	2006
Common Stock:	$ 79,958	$ 78,974	$ 76,818	39,979	39,487	38,409
Balance, beginning of year						
Conversion from Class B Common Stock	458	372	1,380	229	186	690
Shares issued	1,404	708	884	702	354	442
Shares reacquired	(3,598)	(96)	(108)	(1,799)	(48)	(54)
Balance, end of year	78,222	79,958	78,974	39,111	39,979	39,487
Class B Common Stock:						
Balance, beginning of year	12,416	12,788	14,168	6,208	6,394	7,084
Conversion to Common Stock	(458)	(372)	(1,380)	(229)	(186)	(690)
Balance, end of year	11,958	12,416	12,788	5,979	6,208	6,394
Additional paid-in capital:						
Balance, beginning of year	132,090	123,738	115,464			
Reclassification from unearned compensation	-	-	(5,505)			
Stock option expense	1,507	2,144	2,678			
Amortization of restricted Common Stock	4,669	5,199	5,425			
Income tax expense of stock options exercised	(3,413)	(686)	(33)			
Shares issued (redeemed)	(564)	1,695	5,709			
Balance, end of year	134,289	132,090	123,738			
Unearned compensation:						
Balance, beginning of year	-	-	(5,505)			
Reclassification to additional paid-in-capital	-	-	5,505			
Balance, end of year	-	-	-			
Retained earnings (accumulated deficit):						
Balance, beginning of year	819,786	771,947	733,961			
Net income (loss)	(879,909)	80,999	70,832			
Shares reacquired	(15,472)	-	-			
Adoption of FASB Interpretation 48	(1,733)	-	-			
Change in redeemable minority interest	(8,838)	-	-			
Cash dividends	(34,409)	(33,160)	(32,846)			
Balance, end of year	(120,575)	819,786	771,947			
Accumulated other comprehensive income:						
Balance, beginning of year	42,192	3,178	1,504			
Unrealized gain (loss) on interest rate exchange agreements	(4,776)	(3,796)	2,527			
Unrealized gain on available-for-sale securities	72	716	121			
Pension and postretirement benefits	8,354	-	-			
Adoption of FASB Statement 158	-	65,780	-			
Deferred income taxes, net	(2,649)	(23,686)	(974)			
Balance, end of year	43,193	42,192	3,178			
Total stockholders' equity	$ 147,087	$ 1,086,442	$ 990,625	45,090	46,187	45,881

The accompanying Notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands)	2008	2007	2006
Cash provided by operating activities:			
Net income (loss)	$ (879,909)	$ 80,999	$ 70,832
Results of discontinued operations	285	671	54
Income (loss) from continuing operations	(880,194)	80,328	70,778
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	91,078	92,700	90,276
Impairment of goodwill and other assets	1,070,808	-	4,837
Accretion of debt fair value adjustment	(7,990)	(7,579)	(7,190)
Stock compensation expense	5,905	7,193	7,693
Distributions greater (less) than earnings of associated companies	1,772	(792)	(482)
Reduction in investment in TNI	104,478	-	-
Increase (decrease) in deferred income taxes	(253,307)	(6,091)	(28,995)
Change in operating assets and liabilities, net of acquisitions:			
Decrease (increase) in receivables	19,777	(6,247)	5,940
Decrease (increase) in inventories and other	(4,875)	5,439	2,866
Increase (decrease) in accounts payable, accrued expenses and unearned revenue	(18,304)	18,264	(8,177)
Increase (decrease) in pension, postretirement and post employment benefits	(315)	(3,314)	10,178
Change in income taxes receivable or payable	5,125	(14,504)	42,060
Other	2,654	2,233	6,419
Net cash provided by operating activities of continuing operations	136,612	167,630	196,203
Cash provided by (required for) investing activities of continuing operations:			
Purchases of marketable securities	(115,555)	(90,005)	(70,415)
Sales or maturities of marketable securities	87,873	78,018	68,043
Purchases of property and equipment	(20,606)	(34,381)	(32,527)
Proceeds from sale of assets	12,685	1,334	176
Acquisitions, net	(1,624)	(1,065)	(4,245)
Decrease (increase) in restricted cash	13,771	(1,165)	(11,916)
Other	8,493	8,741	8,218
Net cash required for investing activities of continuing operations	(14,963)	(38,523)	(42,666)
Cash provided by (required for) financing activities of continuing operations:			
Payments on long-term debt	(197,650)	(196,375)	(218,000)
Proceeds from long-term debt	134,400	67,000	55,000
Financing costs	-	-	(2,814)
Cash dividends paid	(32,573)	(33,038)	(32,671)
Purchases of Common Stock	(19,483)	(1,099)	(1,260)
Other, primarily issuance of Common Stock	1,946	2,578	7,815
Net cash required for financing activities of continuing operations	(113,360)	(160,934)	(191,930)
Net cash provided by (required for) discontinued operations:			
Operating activities	(8,741)	502	6,522
Investing activities	23,911	22,687	32,966
Net increase (decrease) in cash and cash equivalents	23,459	(8,638)	1,095
Cash and cash equivalents:			
Beginning of year	-	8,638	7,543
End of year	$ 23,459	$ -	$ 8,638

The accompanying Notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lee Enterprises, Incorporated (Company), is a premier provider of local news, information and advertising in primarily midsize markets, with 49 daily newspapers and a joint interest in four others, rapidly growing online sites and more than 300 weekly newspapers and specialty publications in 23 states. The Company currently operates in a single operating segment.

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned, except for its 95% interest in St. Louis Post-Dispatch LLC (PD LLC) and STL Distribution Services LLC (DS LLC), 50% interest in TNI Partners (TNI), 50% interest in Madison Newspapers, Inc. (MNI), and 82.5% interest in INN Partners, L.C. (INN).

As discussed more fully in Note 7 (and capitalized terms used below defined), the Company does not have sufficient cash flows to meet both its requirements for 2009 operations and the scheduled April 28, 2009 repayment of the Pulitzer Notes. The Company's ability to extend or refinance the Pulitzer Notes as they become due, to delay the acceleration of debt maturities upon the expiration of existing waivers of default under both the Credit Agreement and Pulitzer Notes, and to avoid future events of default, are factors that raise significant uncertainty about the Company's ability to continue as a going concern. The Company is actively engaged in discussions with the Noteholders of the Pulitzer Notes, and to the extent their approval may also be required, the Lenders under the Credit Agreement, to extend or refinance the Pulitzer Notes. However, the timing and ultimate outcome of such discussions cannot be determined at this time.

The Consolidated Financial Statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities should the Company be unable to continue as a going concern.

Certain amounts as previously reported have been reclassified to conform with the current period presentation. See Note 3.

References to 2008, 2007, 2006 and the like mean the fiscal year ended in September.

Fiscal Year

The Company's 2008 fiscal year ends on the last Sunday in September. Beginning in 2008, all of the Company's enterprises use period accounting. The Company and its enterprises owned before the Pulitzer Inc. (Pulitzer) acquisition, which accounted for approximately 63% of revenue in 2008, used calendar accounting prior to 2008, with a September 30 fiscal year end. Pulitzer operations used period accounting in all periods presented. The table below summarizes days of business activity in years presented:

	Enterprises Owned Prior to Pulitzer Acquisition		Pulitzer Enterprises		TNI	
(Business Days)	2008	2007 and 2006	2008 and 2006	2007	2008 and 2006	2007
Period Ending:						
December	91	92	91	91	91	98
March	91	90	91	91	91	91
June	91	91	91	91	91	91
September	91	92	91	98	91	91
	364	365	364	371	364	371

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue 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, or majority-owned, subsidiaries. All significant intercompany transactions have been eliminated.

Investments in MNI and TNI are accounted for using the equity method and are reported at cost plus the Company's share of undistributed earnings since acquisition less, for TNI, amortization of intangible assets.

Cash and Cash Equivalents

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. Outstanding checks in excess of funds on deposit are included in accounts payable and are classified as financing activities in the Consolidated Statements of Cash Flows.

Accounts Receivable

The Company evaluates its allowance for doubtful accounts receivable based on historical credit experience, payment trends and other economic factors. Delinquency is determined based on timing of payments in relation to billing dates. Accounts considered to be uncollectible are written off.

Inventories

Newsprint inventories are priced at the lower of cost or market, with cost being determined by the first-in, first-out or last-in, first-out methods. Newsprint inventories at September 28, 2008 and September 30, 2007 are less than replacement cost by $5,580,000 and $3,320,000, respectively.

The components of newsprint inventory by cost method are as follows:

(Thousands)	September 28 2008	September 30 2007
First-in, first-out	$ 8,695	$ 5,335
Last-in, first-out	5,833	4,383
	$ 14,528	$ 9,718

Other inventories consisting of ink, plates and film are priced at the lower of cost or market, with cost being determined by the first-in, first-out method.

Restricted Cash and Investments

Until May 1, 2010, PD LLC is restricted from making distributions (except under specified circumstances), capital expenditures and member loan repayments unless it has set aside out of its cash flow a reserve equal to the product of $15,000,000 and the number of years since May 1, 2000, but not in excess of $150,000,000 (the Reserve). PD LLC is not required to maintain the Reserve after May 1, 2010. Investments in the Reserve are limited to U.S. government and related securities and are recorded at fair value, with unrealized gains and losses reported, net of applicable income taxes, in accumulated other comprehensive income. The cost basis used to determine realized gains and losses is specific identification. See Note 19.

Other Investments

Other investments primarily consist of marketable securities held in trust under a deferred compensation arrangement and investments for which no established market exists. Marketable securities are classified as trading securities and carried at fair value with gains and losses reported in earnings. Non-marketable securities are carried at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment

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

	Years
Buildings and improvements	5 – 54
Printing presses and mailroom equipment	2 – 28
Other	3 – 20

The Company capitalizes interest as a component of the cost of constructing major facilities. At September 28, 2008, capitalized interest was not significant.

The Company recognizes the fair value of a liability for a legal obligation to perform an asset retirement activity, when such activity is a condition of a future event, and the fair value of the liability can be estimated. See Note 6.

Goodwill and Other Intangible Assets

Intangible assets include covenants not to compete, consulting agreements, customer lists, newspaper subscriber lists, mastheads and other. Intangible assets subject to amortization are being amortized as follows:

	Years
Noncompete and consulting agreements	4 – 15
Customer lists	5 – 23
Newspaper subscriber lists	7 – 33
Other	10

In assessing the recoverability of its goodwill and other nonamortized intangible assets, the Company makes a determination of the fair value of its business. Fair value is determined using a combination of an income approach, which estimates fair value based upon future revenue, expenses and cash flows discounted to their present value, and a market approach, which estimates fair value using market multiples of various financial measures compared to a set of comparable public companies in the publishing industry. An impairment charge will generally be recognized when the carrying amount of the net assets of the business exceeds its estimated fair value.

The required valuation methodology and underlying financial information that are used to determine fair value require significant judgments to be made by management. These judgments include, but are not limited to, long term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

The Company analyzes its goodwill and other nonamortized intangible assets for impairment on an annual basis at the end of its fiscal year, or more frequently if impairment indicators are present. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets.

The Company reviews its amortizable intangible assets for impairment when indicators of impairment are present. The Company assesses recovery of these assets by comparing the estimated undiscounted cash flows associated with the asset or asset group with their carrying amount. The impairment amount, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

The Company also periodically evaluates its determination of the useful lives of amortizable intangible assets. Any resulting changes in the useful lives of such intangible assets will not impact the cash flows of the Company. However, a decrease in the useful lives of such intangible assets would increase future amortization expense and decrease future reported operating results and earnings per common share. See Note 6.

Minority Interest

Minority interest in earnings of PD LLC, DS LLC and INN is recognized in the Consolidated Financial Statements.

The Company is subject to a one-time obligation to repurchase the minority interest in PD LLC and DS LLC (the 2010 Redemption). In 2008, the Company recorded the repurchase obligation and elected the accretion method under Emerging Issues Task Force Topic D-98 (EITF D-98) to record increases or decreases in the expected value of the 2010 Redemption as an adjustment to retained earnings. Changes in the expected value of the 2010 Redemption have a corresponding impact on income (loss) available to common stockholders and earnings (loss) per common share. See Note 19.

There is no impact on net income from the application of EITF D-98 to the 2010 Redemption. Also, under such standards, if the 2010 Redemption does not occur, the liability and earnings per common share impact discussed above will be reversed for all periods.

Revenue Recognition

Advertising revenue is recorded when advertisements are placed in the publication or on the related online site. Circulation revenue is recorded as newspapers are distributed over the subscription term. Other revenue is recognized when the related product or service has been delivered. Unearned revenue arises in the ordinary course of business from advance subscription payments for publications or advance payments for advertising.

Advertising Costs

A substantial amount of the Company's advertising and promotion expense consists of ads placed in its own publications and on its own websites using available space. The incremental cost of such advertising is not significant and is not measured separately by the Company. External advertising costs are not significant and are expensed as incurred.

Pension, Postretirement and Postemployment Benefit Plans

The Company evaluates its liability for pension, postretirement and postemployment benefit plans based upon computations made by consulting actuaries, incorporating estimates and actuarial assumptions of future plan service costs, future interest costs on projected benefit obligations, rates of compensation increases, employee turnover rates, anticipated mortality rates, expected investment returns on plan assets, asset allocation assumptions of plan assets, and other factors. If the Company used different estimates and assumptions regarding these plans, the funded status of the plans could vary significantly, resulting in recognition of different amounts of expense over future periods. See Note 20.

Income Taxes

Deferred income taxes are provided using the asset and liability method, whereby deferred income tax assets are recognized for deductible temporary differences and loss carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax basis. Deferred income 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 income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Beginning with the adoption of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) as of October 1, 2007, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Interest Rate Exchange Agreements

The Company accounts for interest rate exchange agreements, which are comprised of floating-to-fixed rate interest rate swaps, or interest rate collars, as cash flow hedges. The Company expects that the fair value of these agreements will significantly offset changes in the cash flows of the associated floating rate debt. The fair value of such instruments is recorded in accumulated other comprehensive income, net of applicable income tax expense or benefit. If the Company expects it is probable that its interest rate exchange agreements will no longer be effective as cash flow hedges, it will reclassify the fair value of such instruments as a component of earnings.

Stock Compensation

The Company has four stock-based compensation plans. The Company accounts for grants under those plans under the fair value expense recognition provisions of FASB Statement 123, *Accounting for Stock-Based Compensation,* as amended by FASB Statement 123–Revised, *Share-Based Payment*. The adoption of Statement 123 – Revised in 2006 resulted in a reclassification of unearned compensation to additional paid-in capital in 2006. The Company amortizes as compensation expense the value of stock options and restricted Common Stock by the straight-line method over the vesting or restriction period, which is generally one to three years.

Uninsured Risks

The Company is self-insured for health care, workers compensation and certain long-term disability costs of its employees, subject to stop loss insurance, which limits exposure to large claims. The Company accrues its estimated health care costs in the period in which such costs are incurred, including an estimate of incurred but not reported claims. Other risks are insured and carry deductible losses of varying amounts. Letters of credit and a self-insurer bond totaling $6,698,000 at September 28, 2008 are outstanding in support of the Company’s insurance program.

The Company’s reserves for health care and workers compensation claims are based upon estimates of the remaining liability for retained losses made by consulting actuaries. The amount of workers compensation reserve has been determined based upon historical patterns of incurred and paid loss development factors from the insurance industry.

Discontinued Operations

In accordance with the provisions of FASB Statement 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* the operations and related losses on properties sold, or identified as held for sale, have been presented as discontinued operations in the Consolidated Statements of Operations and Comprehensive Income (Loss) for all years presented. Gains are recognized when realized. See Note 3.

2 ACQUISITIONS

All acquisitions are accounted for as a purchase and, accordingly, the results of operations since the respective dates of acquisition are included in the Consolidated Financial Statements.

In 2008, the Company purchased a specialty publication at a cost of $400,000 and a newspaper distribution business at a cost of $240,000 and made final cash payments totaling $984,000 related to newspaper distribution business purchases in 2007.

In 2007, the Company purchased a minority interest in an online employment application from PowerOne Media, LLC (PowerOne), in which the Company and MNI owned minority interests, at a cost of $118,000. In 2007, PowerOne was dissolved. In 2007, the Company purchased several newspaper distribution businesses at a cost of $1,911,000 of which $984,000 was included in accounts payable at September 30, 2007. In 2007, the Company also purchased a specialty publication at a cost of $20,000.

In 2006, the Company purchased a web-hosting business and national advertising network at a cost of $3,800,000 from PowerOne and purchased a minority interest in INN in exchange for the forgiveness of certain notes receivable with a carrying value of $75,000. In 2006, the Company also purchased a weekly newspaper at a cost of $412,000.

These acquisitions did not have a material effect on the Consolidated Financial Statements.

3 DISCONTINUED OPERATIONS

In 2008, the Company sold its daily newspaper in DeKalb, Illinois for $24,000,000, before income taxes. The transaction resulted in an after tax gain of $219,000, which is recorded in discontinued operations. Results of DeKalb have been classified as discontinued operations for all periods presented.

In 2007, the Company sold a weekly newspaper in Oregon and received $250,000.

In 2006, the Company sold several stand-alone publishing and commercial printing operations in the Pacific Northwest, a twice weekly newspaper in Oregon and the daily newspaper in Rhinelander, Wisconsin. The Company received $20,700,000 in 2007 and $33,198,000 in 2006. The transactions resulted in an after tax loss of $5,204,000, which is recorded in discontinued operations.

Results of discontinued operations consist of the following:

(Thousands)	2008	2007	2006
Operating revenue	$1,376	$7,581	$48,362
Income from discontinued operations	$ 128	$ 882	$ 8,393
Gain (loss) on sale of discontinued operations, before income taxes	5,786	156	(7,854)
Income tax expense, net	5,629	367	485
	$ 285	$ 671	$ 54

Assets and liabilities of discontinued operations consist of the following:

(Thousands)	September 30 2007
Current assets	$ 908
Property and equipment, net	2,564
Intangible and other assets	15,348
Total assets	$ 18,820
Current liabilities	$ 796
Deferred income taxes	3,147
Total liabilities	$ 3,943

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income tax expense related to discontinued operations differs from the amounts computed by applying the U.S. federal income tax rate as follows:

	2008	2007	2006
Computed "expected" income tax expense (benefit)	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.0	0.4	3.0
Other, primarily goodwill basis differences	57.2	-	52.0
	95.2%	35.4%	90.0%

Tax expense of $3,382,000 recorded in results of discontinued operations in 2008 is related to goodwill basis differences recognized as a result of the sale of DeKalb operations.

4 INVESTMENTS IN ASSOCIATED COMPANIES

TNI Partners

In Tucson, Arizona, TNI, acting as agent for the Company's subsidiary, Star Publishing Company (Star Publishing), and Citizen Publishing Company (Citizen), a subsidiary of Gannett Co. Inc., is responsible for printing, delivery, advertising, and circulation of the *Arizona Daily Star* and *Tucson Citizen,* as well as their related online operations and specialty publications. TNI collects all receipts and income and pays substantially all operating expenses incident to the partnership's operations and publication of the newspapers and other media.

Each newspaper is solely responsible for its own news and editorial content. Income or loss of TNI (before income taxes) is allocated equally to Star Publishing and Citizen.

Summarized financial information of TNI is as follows:

(Thousands)	September 28 2008	September 30 2007
ASSETS		
Current assets	$ 12,516	$ 12,894
Investments and other assets	19	19
Total assets	$ 12,535	$ 12,913
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities	$ 7,032	$ 6,327
Members' equity	5,503	6,586
Total liabilities and members' equity	$ 12,535	$ 12,913

Summarized results of TNI are as follows:

(Thousands)	2008	2007	2006
Operating revenue	$ 98,156	$ 118,120	$ 121,223
Operating expenses, excluding depreciation and amortization	76,978	81,528	83,485
Operating income	$ 21,178	$ 36,592	$ 37,738
Company's 50% share of operating income	$ 10,589	$ 18,296	$ 18,869
Less amortization of intangible assets	4,418	6,339	5,987
Equity in earnings of TNI	$ 6,171	$ 11,957	$ 12,882

Star Publishing's 50% share of TNI depreciation and certain general and administrative expenses associated with its share of the operation and administration of TNI are reported as operating expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). These amounts totaled $1,337,000, $1,434,000, and $2,049,000 in 2008, 2007, and 2006, respectively.

The Company's impairment analysis in 2008 resulted in pretax reductions in the carrying value of TNI totaling $104,478,000. See Note 6.

In 2007, defined pension benefits for certain TNI employees were frozen at then current levels. As a result, TNI recognized a curtailment gain of $2,074,000. See Note 9.

At September 28, 2008, the carrying value of the Company's 50% investment in TNI is $57,500,000. The difference between the Company's carrying value and its 50% share of the members' equity of TNI relates principally to goodwill of $34,933,000, and other identified intangible assets of $20,110,000, certain of which are being amortized over their estimated useful lives through 2020. See Note 6.

Annual amortization of intangible assets is estimated to be $1,517,000 in each year 2009 through 2012 and $1,416,000 in 2013.

Madison Newspapers, Inc.

The Company has a 50% ownership interest in MNI, which publishes daily and Sunday newspapers, and other publications in Madison, Wisconsin, and other Wisconsin locations, as well as their related online operations. Net income or loss of MNI (after income taxes) is allocated equally to the Company and The Capital Times Company (TCT). MNI conducts its business under the trade name Capital Newspapers.

Summarized financial information of MNI is as follows:

(Thousands)	September 28 2008	September 30 2007
ASSETS		
Current assets	$ 17,678	$ 21,869
Investments and other assets	32,594	34,397
Property and equipment, net	12,583	13,295
Total assets	$ 62,855	$ 69,561
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities, excluding debt	$ 10,025	$ 13,285
Debt, including current maturities	2,285	2,642
Other liabilities	3,500	3,040
Stockholders' equity	47,045	50,594
Total liabilities and stockholders' equity	$ 62,855	$ 69,561

Summarized results of MNI are as follows:

(Thousands)	2008	2007	2006
Operating revenue	$ 100,352	$ 111,968	$ 121,541
Operating expenses, excluding depreciation and amortization	84,345	81,793	91,572
Operating income	11,949	25,871	25,129
Net income	8,080	16,334	15,714
Company's 50% share of net income	$ 4,040	$ 8,167	$ 7,857

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts receivable from associated companies in the Consolidated Balance Sheets consist of dividends due from MNI. Fees for editorial, marketing and information technology services provided to MNI by the Company are included in other revenue and totaled $11,095,000, $10,636,000, and $10,425,000 in 2008, 2007 and 2006, respectively.

In April 2008, one of MNI's daily newspapers in Madison, *The Capital Times*, decreased print publication from six days per week to one day. The change resulted in workforce adjustments and other transition costs of $2,578,000 in 2008.

In 2006, MNI sold its Shawano, Wisconsin daily newspaper and commercial printing operation. MNI recognized an after tax loss of $1,002,000 on the sale.

Certain other information relating to the Company's investment in MNI is as follows:

(Thousands)	September 28 2008	September 30 2007
Company's share of:		
Stockholders' equity	$ 23,522	$ 25,297
Undistributed earnings	23,272	25,047

5 MARKETABLE SECURITIES AVAILABLE-FOR-SALE

Marketable securities, which are comprised of debt securities issued by the U.S. government and agencies, and which include certain of the Company's restricted cash and investments, are classified as available-for-sale securities at September 28, 2008 and September 30, 2007, and consist of the following:

(Thousands)	September 28 2008	September 30 2007
Amortized cost	$ 118,347	$ 89,979
Gross unrealized gains	899	605
Gross unrealized losses	(219)	(1)
Fair value	$ 119,027	$ 90,583

Proceeds from the sale of such securities total $87,873,000 in 2008, $78,018,000 in 2007, and $68,043,000 in 2006. No significant gross realized gains or losses were realized in 2008, 2007 and 2006.

The amortized cost and fair value of marketable securities at September 28, 2008, by contractual maturity, are as follows. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

(Thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 66,119	$ 66,149
Due after one year through five years	52,228	52,878
	$ 118,347	$ 119,027

6 GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill related to continuing operations are as follows:

(Thousands)	2008	2007
Goodwill, beginning of year, as previously reported	$1,505,460	$1,498,830
Goodwill, included in assets of discontinued operations	-	(8,897)
Goodwill, beginning of year, as reclassified	1,505,460	1,489,933
Goodwill, related to redeemable minority interest	55,594	-
Goodwill related to acquisitions	(25,098)	15,527
Goodwill impairment	(908,977)	-
Other	44	-
Goodwill, end of year	$ 627,023	$1,505,460

In 2008, the Company recorded a reduction to goodwill totaling $25,098,000 to reflect a correction to the original 2005 purchase accounting of Pulitzer. The adjustment also reduced deferred income taxes by $25,098,000. There is no impact on earnings or stockholders' equity from such adjustments.

In 2007, the Company recorded an adjustment to goodwill of $13,616,000 to reflect the resolution of tax uncertainties associated with the acquisition of Pulitzer. Also in 2007, the Company recorded $1,911,000 of goodwill associated with its acquisition of several newspaper distribution businesses.

Identified intangible assets related to continuing operations consist of the following:

(Thousands)	September 28 2008	September 30 2007
Nonamortized intangible assets:		
Mastheads	$ 59,869	$ 73,105
Amortizable intangible assets:		
Customer and newspaper subscriber lists	921,642	1,066,189
Less accumulated amortization	280,359	225,130
	641,283	841,059
Noncompete and consulting agreements	28,658	28,658
Less accumulated amortization	28,626	28,590
	32	68
	$ 701,184	$ 914,232

The Company analyzes its goodwill and other nonamortized intangible assets for impairment on an annual basis at the end of its fiscal year, or more frequently if impairment indicators are present. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets. Due primarily to the continuing, and increasing difference between its stock price and the per share carrying value of its net assets, the Company analyzed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008. Deterioration in the Company's revenue and the overall recessionary operating environment for the Company and other publishing companies were also factors in the timing of the analyses. The Company concluded the fair value of its business did not exceed the carrying value of its net assets as of March 30, 2008 and again as of September 28, 2008.

As a result, in 2008 the Company recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. The Company also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of the Company's investment in TNI. The Company also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment. The Company recorded $281,564,000 of income tax benefit related to these charges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In 2006, the Company, based on its analysis and in conjunction with its ongoing requirement to assess the estimated useful lives of intangible assets, concluded that the period of economic benefit of certain identified intangible assets related to the Pulitzer acquisition had decreased. As a result, the weighted-average useful life of customer lists, including those of TNI, was decreased from approximately 21 years to 17 years. The change in estimated useful life of such assets resulted in recognition of additional amortization expense of $1,847,000 in 2006, of which $469,000 is recorded in equity in earnings of TNI. This change in amortization expense has no impact on the Company's cash flows.

In 2006, the Company also recorded a separate non-cash charge of $5,424,000 to reduce the value of nonamortized masthead intangible assets of Pulitzer, of which $4,837,000 is recorded in amortization expense and $587,000 is recorded in equity in earnings of TNI. The Company uses a royalty approach to value such assets. Lower than expected revenue growth resulted in the change in value.

Annual amortization of intangible assets for the five years ending September 2013 is estimated to be $48,355,000 $48,278,000, $47,638,000, $45,744,000, and $42,085,000, respectively.

7 DEBT

Credit Agreement

In 2006, the Company entered into an amended and restated credit agreement (Credit Agreement) with a syndicate of financial institutions (the Lenders). The Credit Agreement provided for aggregate borrowing of up to $1,435,000,000 and consists of a $950,000,000 A Term Loan, $35,000,000 B Term Loan and $450,000,000 revolving credit facility.

The Credit Agreement also provided the Company with the right, with the consent of the administrative agent, to request at certain times prior to June 2012 that one or more Lenders provide incremental term loan commitments of up to $500,000,000, subject to certain requirements being satisfied at the time of the request. The Credit Agreement matures in June 2012 and amended and replaced a $1,550,000,000 credit agreement consummated in 2005.

The Credit Agreement is fully and unconditionally guaranteed on a joint and several basis by substantially all of the Company's existing and future, direct and indirect subsidiaries in which the Company holds a direct or indirect interest of more than 50%; provided however, that Pulitzer and its subsidiaries will not be required to enter into such guaranty for so long as their doing so would violate the terms of the Pulitzer Notes discussed more fully below. The Credit Agreement was secured by first priority security interests in the stock and other equity interests owned by the Company and each guarantor in their respective subsidiaries. Both the guaranties and the collateral that secures them will be released in their entirety at such time as the Company achieves a total leverage ratio of less than 4.25:1 for two consecutive quarterly periods.

Debt under the A Term Loan and revolving credit facility bore interest, at the Company's option, at either a base rate or an adjusted Eurodollar rate (LIBOR), plus an applicable margin. The base rate for the facility was the greater of the prime lending rate of Deutsche Bank Trust Company Americas at such time and 0.5% in excess of the overnight federal funds rate at such time. The margin applicable was a percentage determined according to the following: For revolving loans and A Term Loans, maintained as base rate loans: 0%, and maintained as Eurodollar loans: 0.625% to 1% (0.875% at September 28, 2008) depending, in each instance, upon the Company's leverage ratio at such time.

The Company may voluntarily prepay principal amounts outstanding or reduce commitments under the Credit Agreement at any time, in whole or in part, without premium or penalty, upon proper notice and subject to certain limitations as to minimum amounts of prepayments. The Company is required to repay principal amounts, on a quarterly basis until maturity, under the A Term Loan. In addition to the scheduled payments, the Company is required to make mandatory prepayments under the A Term Loan under certain other conditions. Total A Term Loan payments in 2008, 2007 and 2006 are $62,250,000, $44,375,000 and $24,000,000, respectively. The Company repaid the B Term Loan in full in 2006.

The Credit Agreement contains customary affirmative and negative covenants for financing of its type. These financial covenants included a maximum total leverage ratio (5.25:1 at September 28, 2008). The total leverage ratio is based primarily on the principal amount of debt, net of cash, which equaled $1,182,856,000 at September 28, 2008, divided by a measure of trailing 12 month operating results which includes several factors, including distributions from TNI and MNI. The Company's total leverage ratio at September 28, 2008 was 5.20:1. The Credit Agreement also included a minimum interest expense coverage ratio of 2.5:1. The Company's interest expense coverage ratio at September 28, 2008 was 3.2:1. As of September 28, 2008, the Company is in compliance with such covenants, as waived or amended from time to time.

The Credit Agreement requires the Company to apply the net proceeds from asset sales to repayment of the A Term Loan to the extent such proceeds exceed the amount used to purchase assets (other than inventory and working capital) within one year of the asset sales. Repayments in 2008, 2007 and 2006 met required repayments related to the Company's sales transactions.

The Credit Agreement requires the Company to accelerate future payments under the A Term Loan in the amount of 75% of its Excess Cash Flow, as defined, beginning in 2008. The Company has Excess Cash Flow of approximately $62,000,000 in 2008 and, as a result, will be paying approximately $46,500,000 originally due under the A Term Loan in March and June 2009, in December 2008. The acceleration of such payments due to Excess Cash Flow does not change the due dates of other A Term Loan payments.

Amendments to Credit Agreement

In 2009, the Credit Agreement was amended (the 2009 Amendments).

Under the 2009 Amendments, the Company and certain of its subsidiaries pledged substantially all of their tangible and intangible assets, and granted mortgages covering certain real estate, as collateral for the payment and performance of their obligations under the Credit Agreement. Assets of Pulitzer, the Company's ownership in interest in MNI and certain employee benefit plan assets are excluded.

The 2009 Amendments reduce the amount available under the revolving credit facility to $375,000,000 and eliminate the incremental term loan facility. The 2009 Amendments require the Company to suspend stockholder dividends and share repurchases until its total leverage ratio is less than 4.5:1. The 2009 Amendments also limit capital expenditures to $20,000,000 per year, with a provision for carryover of unused amounts from the prior year. Other covenants ensure that substantially all future cash flows of the Company are required to be directed for debt reduction.

Further, the 2009 Amendments modify other covenants, including restricting the Company's ability to make additional investments and acquisitions without the consent of its Lenders, limiting additional debt beyond that permitted under the Credit Agreement, and limiting the amount of unrestricted cash and cash equivalents the Company may hold to $15,000,000.

Under the 2009 Amendments, the Company's credit spreads will generally increase 200 basis points from the current pricing grid. The maximum rate (for leverage greater than 6.25:1) will be increased to LIBOR plus 400 basis points. At the September 2008 leverage level, the Company's debt under the Credit Agreement will be priced at LIBOR plus 300 basis points.

Under the 2009 Amendments, the Company's total leverage ratio limit will increase from 5.25:1 to 6.25:1 in September 2008, increase to 6.5:1 in December 2008, increase to 6.75:1 in March 2009, decrease to 6.5:1 in December 2009, decrease to 6.25:1 in September 2010 and decrease to 4.5:1 in December 2010. Each change in the leverage ratio limit noted above is effective on the last day of the fiscal quarter.

The interest expense coverage ratio limit will decline from 2.5:1 to 2.0:1 through March 2009, decrease thereafter to 1.7:1 through September 2009, increase thereafter to 1.8:1 through December 2009, increase thereafter to 1.9:1 through March 2010, increase thereafter to 2.0:1 through September 2010, and increase thereafter to 2.5:1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company paid a fee of 0.5% to consenting lenders, which along with the related expenses, totals $6,277,000.

Pulitzer Notes

In conjunction with its formation in 2000, PD LLC borrowed $306,000,000 (Pulitzer Notes) from a group of institutional lenders (the Noteholders). The aggregate principal amount of the Pulitzer Notes is payable in April 2009 and bears interest at an annual rate of 8.05%. The Pulitzer Notes are guaranteed by Pulitzer pursuant to a Guaranty Agreement dated May 1, 2000 (Guaranty Agreement) with the Noteholders. In turn, pursuant to an Indemnity Agreement dated May 1, 2000 (Indemnity Agreement) between The Herald Company, Inc. (Herald, Inc.) and Pulitzer, Herald, Inc. agreed to indemnify Pulitzer for any payments that Pulitzer may make under the Guaranty Agreement. In December 2006, Herald Inc. assigned its assets and liabilities to Herald.

The terms of the Pulitzer Notes, as amended, contain certain covenants and conditions including the maintenance, by Pulitzer, of EBITDA, as defined in the Guaranty Agreement, minimum net worth and limitations on the incurrence of other debt. At September 28, 2008, Pulitzer is in compliance with such covenants, as waived or amended from time to time. In addition, the Pulitzer Notes and the Operating Agreement with Herald (Operating Agreement) require that PD LLC maintain the Reserve, consisting of cash and investments in U.S. government securities, totaling approximately $126,060,000 at September 28, 2008. The Pulitzer Notes and the Operating Agreement provide for a $3,750,000 quarterly increase in the minimum Reserve balance through May 1, 2010, when the amount will total $150,000,000. See Note 19.

The Credit Agreement contains a cross-default provision tied to the terms of the Pulitzer Notes.

The purchase price allocation of Pulitzer resulted in an increase in the value of the Pulitzer Notes in the amount of $31,512,000, which is recorded as debt in the Consolidated Balance Sheets. This amount will be accreted over the remaining life of the Pulitzer Notes, until April 2009, as a reduction in interest expense using the interest method. This accretion will not increase the principal amount due to, or reduce the amount of interest to be paid to, the Noteholders.

The Company is required to refinance the Pulitzer Notes from time to time, as they become due, until May 1, 2015.

2009 Waivers

In December 2008, certain covenant violations related to the Credit Agreement and Pulitzer Notes, as applicable, were waived (the 2009 Waivers). The 2009 Waivers relate to the going concern modification of the auditors' reports on the Consolidated Financial Statements of the Company, and the separate financial statements of Pulitzer and PD LLC for 2008, and a delay in the timing of delivery of 2008 year end covenant compliance information related to the Credit Agreement and the Pulitzer Notes. Waivers were also obtained related to a violation of the Consolidated Net Worth (as defined) covenant as of September 28, 2008 and as of December 28, 2008 under the Pulitzer Notes. The 2009 Waivers under the Credit Agreement and Pulitzer Notes expire March 30, 2009 and January 16, 2009, respectively. The Company is required to provide final 2008 year end covenant compliance information related to the Credit Agreement no later than January 5, 2009.

The Company paid fees and expenses related to the 2009 Waivers totaling $1,874,000.

Liquidity

The Company's ability to operate as a going concern is dependent on its ability to refinance or amend its debt agreements as they become due, or earlier if available liquidity is consumed.

The Company's indebtedness could adversely affect its financial health in any or all of the following ways:

- Substantially all of the cash flows of the Company are required to be applied to payment of debt interest and principal, reducing funds available for investment, capital expenditures and other purposes;

- The Company reported significant net losses in 2008, due to impairment of goodwill and other assets resulting from the continuing and increasing difference between its stock price and the per share carrying value of its net assets. Reduced expectations of future cash flows were also an important factor in the determination of such impairment charges;
- The Company's flexibility to react to changes in economic and industry conditions may be more limited;
- Increasing leverage could make the Company more vulnerable in the event of additional deterioration of general economic conditions or other adverse events; and
- There could be a material impact on the Company's business if it is unable to meet the conditions of its debt agreements or obtain replacement financing.

The Company generated cash flows in 2008 sufficient to reduce net debt by $102,225,000, pay dividends totaling $32,573,000 and acquire shares of its Common Stock in the amount of $19,483,000. The Company does not have sufficient cash flows to meet both its requirements for 2009 operations and repayment of the Pulitzer Notes.

2009 principal payments required under the Credit Agreement totaling $142,500,000 are expected to exceed the Company's cash flows available for such payments. As a result, the Company expects to utilize a portion of its capacity under its revolving credit facility to fund a portion of the 2009 principal payments required. At September 28, 2008, the Company had $207,000,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments, letters of credit and other commitments, has approximately $162,000,000 available for future use.

Principal payments under the Credit Agreement totaling $166,250,000 are due in 2010. The Company expects to utilize the remainder of its capacity under its revolving credit facility to fund a portion of the 2010 principal payments required.

The Pulitzer Notes mature in April 2009. The Company is actively engaged in discussions with the Noteholders, and to the extent their approval may also be required, the Lenders, to extend or refinance the Pulitzer Notes. The Company has also initiated discussions with the Lenders related to changes to the Credit Agreement to maintain sufficient long-term liquidity. However, the timing and ultimate outcome of such discussions cannot be determined at this time due in part, to the abnormal condition of the domestic credit markets and the overall recessionary operating environment in which the Company, Pulitzer, and other publishing companies are currently operating. Continuing instability or further disruptions of these markets could prohibit or make it more difficult for the Company to access new capital, increase the cost of capital or limit its ability to refinance existing indebtedness.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an Event of Default, including expiration of existing waivers, occurs and is not remedied. Many of those consequences are beyond the control of the Company, Pulitzer, and PD LLC, respectively. The occurrence of one or more Events of Default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents, any of which would impair the ability of the Company to operate its business as a going concern.

Debt consists of the following:

	Balance		Interest Rate(s)
(Thousands)	September 28 2008	September 30 2007	September 28 2008
Credit Agreement:			
A Term Loan	$ 819,375	$ 881,625	3.55-3.69%
Revolving credit facility	207,000	208,000	3.35-5.0
Pulitzer Notes:			
Principal amount	306,000	306,000	8.05
Unaccreted fair value adjustment	5,265	13,255	
	1,337,640	1,408,880	
Less current maturities	1,337,640	62,250	
	$ -	$ 1,346,630	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At September 28, 2008, the Company's weighted average cost of debt (including the effect of interest rate swaps and collars) was 4.95%.

Aggregate maturities of debt for each of the five years ending September 2013 are $448,500,000, $166,250,000, $261,250,000, and $456,375,000, respectively. Because the timing and ultimate outcome of discussions to extend or refinance the Pulitzer Notes cannot be determined at this time, and because of the potential for a cross default under the Credit Agreement related to expiration of waivers of current violations and/or potential future covenant violations under the Pulitzer Notes, the Company has classified all amounts outstanding under the Credit Agreement as a current liability in the Consolidated Balance Sheet at September 28, 2008.

8 INTEREST RATE EXCHANGE AGREEMENTS

At September 28, 2008, the Company has outstanding interest rate swaps in the notional amount of $200,000,000. The interest rate swaps have original terms of three to five years, carry interest rates from 4.3% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the amounts, and for the time periods, of such instruments.

In 2008, the Company executed interest rate collars in the notional amount of $150,000,000. The collars have a two year term and limit LIBOR to an average floor of 3.57% and a cap of 5.0%. Such collars effectively limit the range of the Company's exposure to interest rates to LIBOR greater than the floor and less than the cap (in either case plus the applicable LIBOR margin) for the time period of such instruments.

At September 28, 2008 and September 30, 2007, the Company recorded a liability and an asset of $3,337,000 and $1,438,000, respectively, related to the fair value of such instruments. The change in this fair value is recorded in other comprehensive income, net of income taxes.

At September 28, 2008, after consideration of the interest rate swaps described above, approximately 62% of the principal amount of the Company's debt is subject to floating interest rates. The interest rate collars described above limit the Company's exposure to interest rates on an additional 11% or the principal amount of its debt.

The Company's interest rate exchange agreements at September 28, 2008 consist of the following:

(Thousands)

Notional Amount	Start Date	Maturity Date	Rate(s)	Fair Value
VARIABLE TO FIXED RATE SWAPS				
$ 75,000	November 30, 2005	November 30, 2008	4.290%	$ (201)
50,000	November 30, 2005	November 30, 2009	4.315	(722)
50,000	November 30, 2005	November 30, 2009	4.325	(728)
25,000	November 30, 2005	November 30, 2010	4.395	(530)
$200,000				$ (2,181)
COLLARS				
$ 75,000	November 30, 2007	November 30, 2009	3.53-5.00%	$ (551)
75,000	November 30, 2007	November 30, 2009	3.61-5.00	(605)
$150,000				$ (1,156)

9 PENSION PLANS

The Company and its subsidiaries have several noncontributory defined benefit pension plans that together cover a significant number of *St. Louis Post-Dispatch* and selected other employees. Benefits under the plans are generally based on salary and years of service. The Company's liability and related expense for benefits under the plans are recorded over the service period of active employees based upon annual actuarial calculations. Plan funding strategies are influenced by tax regulations. Plan assets consist primarily of domestic and foreign corporate equity securities, government and corporate bonds, and cash.

The Company uses a June 30 measurement date for all of its pension obligations.

Effective September 30, 2007, the Company adopted the recognition and disclosure provisions of FASB Statement 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans*. Statement 158 requires the recognition of the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its balance sheet and recognition of the changes in that funded status in the year in which the changes occur as a component of other comprehensive income. Adoption of the recognition and disclosure provisions of Statement 158 resulted in an increase in assets and decrease in liabilities in the aggregate amounts of $9,591,000, and $32,649,000, respectively, and an increase in stockholders' equity of $26,944,000, net of the related income tax effect.

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The cost components of the Company's pension plans are as follows:

(Thousands)	2008	2007	2006
Service cost for benefits earned during the year	$ 1,501	$ 1,909	$ 5,532
Interest cost on projected benefit obligation	9,333	9,172	9,191
Expected return on plan assets	(13,743)	(12,827)	(12,637)
Amortization of net gain	(1,697)	(1,355)	-
Amortization of prior service cost	(132)	(93)	-
Curtailment gains	-	(3,865)	(102)
Early retirement program benefits (see Note 19)	-	3,869	4,523
Net periodic pension cost (benefit)	$ (4,738)	$ (3,190)	$ 6,507

Net periodic pension cost (benefit) of $(238,000), $(2,136,000), and $605,000, is allocated to TNI in 2008, 2007, and 2006, respectively.

Changes in benefit obligations and plan assets are as follows:

(Thousands)	2008	2007
Benefit obligation, beginning of year	$167,838	$168,172
Service cost	1,501	1,909
Interest cost	9,333	9,172
Actuarial loss (gain)	(20,853)	985
Benefits paid	(10,345)	(10,813)
Change in plan provisions	(50)	(1,591)
Curtailment gains	-	(3,865)
Early retirement program benefits	-	3,869
Benefit obligation, end of year	147,424	167,838
Fair value of plan assets, beginning of year:	177,179	161,764
Actual return on plan assets	(13,738)	25,383
Benefits paid	(10,345)	(10,813)
Administrative expenses paid	(1,425)	-
Employer contributions	130	845
Fair value of plan assets, June 30 measurement date	151,801	177,179
Funded status – benefit obligation less than plan assets	(4,377)	(9,341)
Contributions made after measurement date	-	(130)
Net asset recognized in the Consolidated Balance Sheets	$ (4,377)	$ (9,471)

Disaggregated amounts recognized in the Consolidated Balance Sheets are as follows:

(Thousands)	September 28 2008	September 30 2007
Other non-current assets	$ 4,941	$ 9,591
Pension obligations	564	120
Accumulated other comprehensive income (before income taxes)	32,408	42,240

Amounts recognized in accumulated other comprehensive income are as follows:

(Thousands)	September 28 2008	September 30 2007
Unrecognized net actuarial gain	$ 30,901	$ 40,650
Unrecognized prior service benefit	1,507	1,590
	$ 32,408	$ 42,240

The Company expects to recognize $137,000 and $1,180,000 of unrecognized prior service benefit and unrecognized net actuarial gain, respectively, in net periodic pension cost in 2009.

The accumulated benefit obligation for the plans are $144,937,000 at September 28, 2008 and $161,701,000 at September 30, 2007. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets are $9,505,000, $9,505,000 and $8,941,000, respectively, at September 28, 2008.

Assumptions

Weighted-average assumptions used to determine benefit obligations are as follows:

	September 28 2008	September 30 2007
Discount rate	6.75%	5.75%
Rate of compensation increase	3.5	4.0

Weighted-average assumptions used to determine net periodic benefit cost are as follows:

	2008	2007	2006
Discount rate	5.75%	5.75%	5.0%
Expected long-term return on plan assets	8.0	8.0	8.5
Rate of compensation increase	4.0	4.0	4.0

The assumptions related to the expected long-term return on plan assets are developed through an analysis of historical market returns and current market conditions.

Plan Assets

The weighted-average asset allocation of the Company's pension assets is as follows:

		Actual Allocation	
Asset Class	Policy Allocation	September 28 2008	September 30 2007
Equity securities	65 to 70%	68%	71%
Debt securities	30 to 35	32	29

An investment policy outlines the governance structure for decision making, sets investment objectives and restrictions, and establishes criteria for selecting and evaluating investment managers. The use of derivatives is strictly prohibited, except on a case-by-case basis where the manager has a proven capability, and only to hedge quantifiable risks such as exposure to foreign currencies. An investment committee, consisting of Company executives and supported by independent consultants, is responsible for monitoring compliance with the investment policy. Assets are periodically redistributed to maintain the appropriate policy allocation.

The pension trust holds no Company securities, directly or through separate accounts.

Subsequent to June 30, 2008, the fair value of plan assets declined to $108,951,000 at November 30, 2008. The decline in the value of plan assets is related to declines in worldwide equity and debt markets. In the event the value of plan assets does not recover to the June 30, 2008 level, the Company's future pension expense and funding requirements may increase if the same level of benefits is maintained and is not offset by other changes in plan assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash Flows

Based on its forecast at September 28, 2008, the Company expects to make contributions of $47,000 to its pension trust in 2009.

The Company anticipates future benefit payments, which reflect future service, to be paid from the pension trust as follows:

(Thousands)	
2009	$ 11,495
2010	11,105
2011	11,116
2012	11,256
2013	11,491
2014-2018	60,717

2007 Curtailment

In 2007, defined pension benefits for certain of the Company's employees were frozen at then current levels. As a result, the Company recognized a curtailment gain of $1,791,000 and also recognized the Company's 50% share of the $2,074,000 gain recognized by TNI. See Note 4.

Other Plans

The Company is obligated under an unfunded plan to provide fixed retirement payments to certain former employees. The plan is frozen and no additional benefits are being accrued. The accrued liability under the plan is $2,634,000 and $2,695,000 at September 28, 2008 and September 30, 2007, respectively.

Certain of the Company's employees participate in multi-employer retirement plans sponsored by their respective bargaining units. The amount charged to operating expense, representing the Company's required contributions to these plans, is approximately $2,230,000 in 2008, $597,000 in 2007, and $679,000 in 2006.

10 POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Company provides retiree medical and life insurance benefits under postretirement plans at several of its operating locations. The level and adjustment of participant contributions vary depending on the specific plan. In addition, PD LLC provides postemployment disability benefits to certain employee groups prior to retirement at the *St. Louis Post-Dispatch.* The Company's liability and related expense for benefits under the postretirement plans are recorded over the service period of active employees based upon annual actuarial calculations. The Company accrues postemployment disability benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

Effective September 30, 2007 the Company adopted the recognition and disclosure provisions of Statement 158. Statement 158 requires the Company to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its balance sheet and recognition of the changes in that funded status in the year in which the changes occur as a component of other comprehensive income. Adoption of the recognition and disclosure provisions of Statement 158 resulted in a decrease in liabilities in the aggregate amount of $23,540,000, and an increase in stockholders' equity of $13,968,000, net of the related income tax effect.

The Company uses a June 30 measurement date for all of its postretirement obligations.

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The net periodic postretirement benefit cost components for the Company's postretirement plans are as follows:

(Thousands)	2008	2007	2006
Service cost for benefits earned during the year	$ 2,100	$ 2,099	$ 3,377
Interest cost on projected benefit obligation	6,610	6,932	6,588
Expected return on plan assets	(2,194)	(2,189)	(2,071)
Amortization of net gain	(633)	(101)	-
Amortization of prior service cost	(233)	(175)	-
Curtailment gain	-	(1,940)	-
Early retirement program benefits	-	386	660
Net periodic postretirement benefit cost	$ 5,650	$ 5,012	$ 8,554

Changes in benefit obligations and plan assets are as follows:

(Thousands)	2008	2007
Benefit obligation, beginning of year	$118,278	$127,133
Service cost	2,100	2,099
Interest cost	6,610	6,932
Actuarial gain	(18,156)	(10,410)
Benefits paid, net of premiums received	(6,079)	(6,160)
Change in plan provisions	-	(3,027)
Curtailment gain	-	801
Medicare Part D subsidies	392	524
Early retirement program benefits	-	386
Benefit obligation, end of year	103,145	118,278
Fair value of plan assets, beginning of year	44,885	45,789
Actual return on plan assets	3,076	1,645
Employer contributions	2,513	3,087
Benefits paid	(5,688)	(5,636)
Fair value of plan assets, June 30 measurement date	44,786	44,885
Funded status – benefit obligation in excess of plan assets	58,359	73,393
Funding changes made after measurement date	1,122	(191)
Net liability recognized in the Consolidated Balance Sheets	$ 59,481	$ 73,202

Disaggregated amounts recognized in the Consolidated Balance Sheets are as follows:

(Thousands)	September 28 2008	September 30 2007
Current portion of benefit obligation	$ 4,260	$ 4,610
Postretirement benefit obligations	55,221	68,592
Accumulated other comprehensive income (before income tax benefit)	41,712	23,540

Amounts recognized in accumulated other comprehensive income are as follows:

(Thousands)	September 28 2008	September 30 2007
Unrecognized net actuarial gain	$39,093	$20,688
Unrecognized prior service benefit	2,619	2,852
	$41,712	$23,540

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company expects to recognize $233,000 and $2,056,000 of unrecognized prior service benefit and unrecognized net actuarial gain, respectively, in net periodic postretirement benefit cost in 2009.

Assumptions

Weighted-average assumptions used to determine benefit obligations are as follows:

	September 28 2008	September 30 2007
Discount rate	6.75%	5.75%
Expected long-term return on plan assets	5.75	5.0

The assumptions related to the expected long-term return on plan assets are developed through an analysis of historical market returns and current market conditions.

Weighted-average assumptions used to determine net periodic benefit cost are as follows:

	2008	2007	2006
Discount rate	5.75%	5.75%	5.0%
Expected long-term return on plan assets	5.0	5.0	5.0

Assumed health care cost trend rates are as follows:

	September 28 2008	September 30 2007
Health care cost trend rates	8.0%	8.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5-5.0%	4.5-5.0%
Year in which the rate reaches the ultimate trend rate	2011	2011

Administrative costs related to indemnity plans are assumed to increase at the health care cost trend rates noted above.

Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement health care plans. A one percentage point change in assumed health care cost trend rates would have the following annualized effects on reported amounts for 2008:

	One Percentage Point	
(Thousands)	Increase	Decrease
Effect on net periodic postretirement benefit cost	$ 1,015	$ (843)
Effect on postretirement benefit obligation	10,880	(9,254)

Plan Assets

The weighted-average asset allocation of the Company's postretirement fund at September 28, 2008 and September 30, 2007, is as follows:

Asset Class	Policy Allocation	Actual Allocation
Debt securities	100%	100%

An investment policy outlines the governance structure for decision making, sets investment objectives and restrictions, and establishes criteria for selecting and evaluating investment managers. The use of derivatives is strictly prohibited, except on a case-by-case basis where the manager has a proven capability, and only to hedge quantifiable risks such as exposure to foreign currencies. An investment committee, consisting of Company executives and supported by independent consultants, is responsible for monitoring compliance with the investment policy. In 2009, the investment policy allocation was revised to allow a mix of debt and equity investments.

The postretirement fund holds no Company securities, directly or through separate accounts.

Subsequent to June 30, 2008, the fair value of plan assets declined to $41,967,000 at November 30, 2008. The decline in the value of plan assets is related to declines in worldwide debt markets. In the event the value of plan assets does not recover to the June 30, 2008 level, the Company's future expense and funding requirements may increase if the same level of benefits is maintained and is not offset by other changes in plan assumptions.

Cash Flows

Based on its forecast at September 28, 2008, the Company expects to contribute $4,260,000 to its postretirement plans in 2009. The impact of possible reductions in 2009 funding requirements from modifications to the plans, as described under "2009 Changes to Plans" below, has not been determined.

In December 2003 the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retiree health care benefit plans (Subsidy) that provide a benefit that is at least actuarially equivalent (as that term is defined in the Act) to Medicare Part D. The Company concluded that it qualifies for the Subsidy under the Act since the prescription drug benefits provided under the Company's postretirement health care plans generally require lower premiums from covered retirees and have lower deductibles than the benefits provided in Medicare Part D and, accordingly, are actuarially equivalent to or better than, the benefits provided under the Act.

The Company anticipates future benefit payments, which reflect future services, to be paid either with future contributions to the plan or directly from plan assets, as follows:

(Thousands)	Gross Payments	Less Medicare Part D Subsidy	Net Payments
2009	$ 7,830	$ (570)	$ 7,260
2010	8,050	(600)	7,450
2011	8,240	(620)	7,620
2012	8,330	(650)	7,680
2013	8,340	(680)	7,660
2014-2018	39,840	(3,890)	35,950

2009 Changes to Plans

In October and December 2008, the Company notified certain participants in its postretirement medical plans of administrative changes to be made to the plans, effective in January 2009, including increases in employee premiums, changes in the plans' reimbursement of medical expenses covered by Medicare, elimination of certain coverage options and the establishment of an account-based structure. The changes are expected to reduce annual net periodic postretirement medical cost by approximately $5,400,000, beginning in January 2009, and will reduce the benefit obligation by approximately $27,500,000, effective in January 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2007 Curtailment

In 2007, defined postretirement medical benefits for certain of the Company's employees were modified. As a result, the Company recognized a curtailment gain of $1,940,000.

Postemployment Plan

The Company's postemployment benefit obligation, representing certain disability benefits at the *St. Louis Post-Dispatch,* is $3,546,000 at September 28, 2008 and $3,644,000 at September 30, 2007.

11 OTHER RETIREMENT PLANS

Substantially all of the Company's employees are eligible to participate in a qualified defined contribution retirement plan. The Company also has other retirement and compensation plans for executives and others.

Retirement and compensation plan costs, including interest on deferred compensation costs, charged to continuing operations are $24,325,000 in 2008, $24,664,000 in 2007, and $25,060,000 in 2006.

In conjunction with the acquisition of Pulitzer, an existing supplemental benefit retirement plan (SERP) was amended and converted into an individual account plan. An account was established for each participant and was credited with an amount representing the present value of the participant's accrued benefit under the SERP, plus adjustments for certain individuals subject to existing transition agreements. Interest was credited to each account at an annual rate of 5.75%. The SERP, as amended, was liquidated in 2008, at which time each participant received a lump sum payment equal to the balance in his account. Retired participants continued to receive annuity payments until the liquidation of the SERP. The final payment amount totals $17,926,000. At September 30, 2007, the Company's liability under the SERP totaled $18,140,000.

12 COMMON STOCK, CLASS B COMMON STOCK, AND PREFERRED SHARE PURCHASE RIGHTS

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. 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 outstanding total less than 5,600,000 shares. At November 30, 2008, there were 5,931,150 shares of Class B Common Stock outstanding.

In 1998, the Board of Directors adopted a Shareholder Rights Plan (Plan). Under the Plan, the Board of Directors declared a dividend of one Preferred Share Purchase Right (Right) for each outstanding share of Common Stock and Class B Common Stock (collectively Common Shares) of the Company. Rights are attached to, and automatically trade with, the Company's Common Shares.

In January 2008, the Board of Directors approved an amendment to the Plan. The amendment increased the beneficial ownership threshold to 25% from 20% for stockholders purchasing Common Stock for passive investment only and decreased the threshold to 15% for all other investors. In addition, the amendment extended the expiration of the Plan to May 31, 2018 from May 31, 2008.

Rights become exercisable only in the event that any person or group of affiliated persons other than a passive investor becomes a holder of 15% or more of the Company's outstanding Common Shares, or commences a tender or exchange offer which, if consummated, would result in that person or group of affiliated persons owning at least 15% of the Company's outstanding Common Shares. Once the Rights become exercisable, they entitle all other stockholders to purchase, by payment of a $150 exercise price, one one-thousandth of a share of Series A Participating Preferred Stock, subject to adjustment, with a value of twice the exercise price. In addition, at any time after a 15% position is acquired and prior to the

acquisition of a 50% position, the Board of Directors may require, in whole or in part, each outstanding Right (other than Rights held by the acquiring person or group of affiliated persons) to be exchanged for one share of Common Stock or one one-thousandth of a share of Series A Preferred Stock. The Rights may be redeemed at a price of $0.001 per Right at any time prior to their expiration.

13 STOCK OWNERSHIP PLANS

Total non-cash stock compensation expense is $5,905,000, $7,193,000, and $7,693,000, in 2008, 2007, and 2006, respectively.

Stock Options

The Company has reserved 1,682,363 shares of Common Stock for issuance to employees under an incentive and nonstatutory stock option and restricted stock plan approved by stockholders. Options are granted at a price equal to the fair market value on the date of the grant and are exercisable, upon vesting, over a ten year period.

A summary of stock option activity is as follows:

(Thousands of Shares)	2008	2007	2006
Under option, beginning of year	1,195	939	981
Granted	-	304	177
Exercised	-	(1)	(113)
Canceled	(932)	(47)	(106)
Under option, end of year	263	1,195	939
Exercisable, end of year	171	749	627

Weighted average prices of stock options are as follows:

	2008	2007	2006
Granted	$ -	$28.72	$39.56
Exercised	-	21.50	32.94
Under option, end of year	34.69	35.61	37.96

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model. The table below outlines the weighted average assumptions for options granted.

	2007	2006
Dividend yield	2.5%	1.7%
Volatility	18.7%	21.7%
Risk-free interest rate	4.5%	4.4%
Expected life (years)	4.7	4.7
Estimated fair value	$ 5.16	$ 8.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of stock options outstanding at September 28, 2008 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$25 to 30	118,660	7.5	$ 28.68	43,394	$ 28.62
30 to 35	34,341	4.1	32.67	34,341	32.67
35 to 40	57,395	6.0	38.47	40,782	38.05
40 to 45	27,008	5.1	43.26	27,008	43.26
45 to 50	25,732	6.1	47.63	25,732	47.63
	263,136	6.3	$ 34.69	171,257	$ 36.84

Total unrecognized compensation expense for unvested stock options at September 28, 2008 is $248,000, which will be recognized over a weighted average period of 1 year. In 2008, the Company canceled 852,000 outstanding stock options for certain of its key employees who voluntarily tendered such options to the Company for cancellation and termination without consideration or promise of consideration for their shares.

The exercise of stock options in 2007 and 2006 resulted in cash proceeds of $28,000 and $3,711,000, respectively, and income tax benefits of $3,000 and $215,000, respectively. There were no exercises of stock options in 2008.

The intrinsic value of stock options exercised in 2007 and 2006 is $7,000 and $552,000 respectively. The aggregate intrinsic value of options outstanding and exercisable at September 28, 2008, is zero.

Restricted Common Stock

Restricted Common Stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment, generally within three years of the grant date for reasons other than normal retirement, death or disability.

A summary of restricted Common Stock activity follows:

(Thousands of Shares)	2008	2007	2006
Outstanding, beginning of year	416	335	279
Granted	482	197	165
Vested	(112)	(106)	(88)
Forfeited	(40)	(10)	(21)
Outstanding, end of year	746	416	335

Weighted average grant date fair values of restricted Common Stock are as follows:

	2008	2007	2006
Outstanding, beginning of year	$ 36.60	$ 43.91	$ 44.98
Granted	15.02	28.73	40.73
Vested	46.66	45.24	41.79
Forfeited	27.95	34.94	42.03
Outstanding, end of year	21.60	36.60	43.91

The fair value of restricted Common Stock vested in 2008, 2007, and 2006 is $1,743,000, $3,004,000, and $3,466,000, respectively.

Total unrecognized compensation expense for unvested restricted Common Stock as of September 28, 2008 is $5,464,000, which will be recognized over a weighted average period of 1.7 years.

At September 28, 2008, 1,419,227 shares are available for granting of stock options or issuance of restricted Common Stock.

In November 2008, the Company suspended future grants under its stock compensation program until further notice.

Stock Purchase Plans

The Company has 270,000 shares of Common Stock available for issuance pursuant to the Company's Employee Stock Purchase Plan (ESPP). April 30, 2009 is the exercise date for the current offering. In 2007, the purchase price provision of the ESPP was amended to 85% of the fair market value on the exercise date, beginning with the current offering. The Company's expense in 2008 and 2007 is based on the difference between the fair value of shares purchased and the purchase price. The weighted-average fair values of purchase rights granted under the ESPP in 2006, computed using the Black-Scholes option-pricing model, is $6.53.

In 2008, 2007, and 2006 employees purchased 150,000, 121,000, and 131,000, shares, respectively, under the ESPP at a price of $6.60 in 2008, $22.48 in 2007, and $26.11 in 2006. The market value on the purchase date was $7.77 in 2008, $26.18 in 2007, and $30.80 in 2006.

The Company also has 8,700 shares of Common Stock available for issuance under the Company's Supplemental Employee Stock Purchase Plan (SPP). Under the SPP, an offering period is each three-month calendar quarter, unless changed, and the last business day of each calendar quarter is the exercise date for such quarterly offering period. The purchase price is 85% of the market price on the last business day of each calendar quarter during the offering period.

Employees purchased 73,000, 25,000, and 23,000 shares, respectively, at a weighted average price of $5.20 in 2008, $19.47 in 2007, and $25.67 in 2006 under the SPP. The weighted average market values on the purchase dates in 2008, 2007, and 2006 are $6.11, $22.91, and $30.20 respectively.

14 INCOME TAXES

Income tax expense (benefit) consists of the following:

(Thousands)	2008	2007	2006
Current:			
Federal	$ 24,442	$36,623	$ 61,270
State	3,383	3,881	9,175
Deferred	(256,398)	(6,309)	(30,452)
	$(228,573)	$34,195	$ 39,993
Continuing operations	$(234,202)	$33,828	$ 39,508
Discontinued operations	5,629	367	485
	$(228,573)	$34,195	$ 39,993

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Income tax expense related to continuing operations differs from the amounts computed by applying the U.S. federal income tax rate to income (loss) before income taxes. The reasons for these differences are as follows:

	2008	2007	2006
Computed "expected" income tax expense	(35.0)%	35.0%	35.0%
State income taxes, net of federal tax benefit	(3.0)	3.0	3.0
Net income of associated companies taxed at dividend rates	(0.1)	(2.0)	(2.0)
Domestic production deduction	(0.1)	(0.8)	(0.8)
Resolution of tax matters	(0.3)	(5.9)	(0.3)
Impairment	14.9	-	-
Valuation allowance	2.6	-	-
Other	-	0.1	0.5
	(21.0)%	29.4%	35.4%

Substantial deferred income tax liabilities were recorded in 2005 as a result of acquisitions. Net deferred income tax liabilities consist of the following components:

(Thousands)	September 28 2008	September 30 2007
Deferred income tax liabilities:		
Property and equipment	$ (46,110)	$ (51,485)
Equity in undistributed earnings of affiliates	(1,784)	(2,041)
Investment in Tucson newspaper partnership	(20,905)	(62,284)
Identified intangible assets	(144,706)	(417,609)
	$ (213,505)	$ (533,419)
Deferred income tax assets:		
Accrued compensation	$ 11,445	$ 19,468
Allowance for doubtful accounts and losses on loans	2,487	5,192
Pension and postretirement benefits	26,171	32,307
Long-term debt and interest rate exchange agreements	(375)	(397)
State operating loss carryforwards	13,266	12,708
Other	9,340	4,501
	62,334	73,779
Valuation allowance	(41,454)	(11,435)
Net deferred income tax liabilities	$ (192,625)	$ (471,075)

Net deferred income tax liabilities are classified as follows:

(Thousands)	September 28 2008	September 30 2007
Current assets	$ 3,675	$ 7,343
Non-current liabilities	(196,300)	(478,418)
Net deferred income tax liabilities	$ (192,625)	$ (471,075)

The Company adopted the provisions of FIN 48, as of October 1, 2007. As a result of the adoption of FIN 48, the Company recognized a $1,733,000 increase in income taxes payable, which was accounted for as a reduction of retained earnings. The Company also recognized a $196,000 purchase accounting-related decrease in income taxes payable, which was accounted for as a decrease in goodwill.

A reconciliation of 2008 changes in gross unrecognized tax benefits is as follows:

(Thousands)	2008
Balance, beginning of year, on adoption of FIN 48	$14,433
Increases in tax positions for prior years	151
Increases in tax positions for the current year	1,097
Lapse in statute of limitations	(2,866)
Balance, end of year	$12,815

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $10,409,000 at October 1, 2007. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. The amount of accrued interest related to unrecognized tax benefits was, net of tax, $1,858,000 at September 28, 2008 and $2,268,000 at October 1, 2007. There were no amounts provided for penalties at September 28, 2008.

The Company estimates that it is reasonably possible that up to $3,168,000 net of tax, of uncertain tax benefits associated with federal and state income tax return issues could be recognized in 2009 as a result of ongoing federal and state income tax examinations, anticipated state and federal settlements and expiration of statutes of limitations.

At September 28, 2008, the Company has approximately $343,146,000 of net operating loss carryforwards for state tax purposes that expire between 2009 and 2028. Such loss carryforwards result in a deferred income tax asset of $13,266,000 at September 28, 2008, of which $11,952,000 is offset by a valuation allowance. An increase in the valuation allowance of $29,502,000 was recorded in 2008 due to the uncertainty certain of such deferred tax assets will be realized.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate value. The carrying amounts of cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of those instruments. The carrying value of other investments, consisting of debt and equity securities in a deferred compensation trust, is carried at fair value based upon quoted market prices. Investments totaling $7,589,000, consisting primarily of the Company’s 17% ownership of the nonvoting common stock of TCT are carried at cost. The fair value of floating rate debt cannot be determined as an active market for such debt does not exist. The fair value of the Company’s fixed rate debt at September 30, 2007 follows and is estimated based on the quoted market prices for similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The Company’s fixed rate debt consists of the $306,000,000 principal amount of Pulitzer Notes, as discussed more fully in Note 7, which is not traded on an active market and is held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists in the current recession, the Company is unable, as of September 28, 2008, to determine the fair value of such debt. The value, if determined, would likely be less than the carrying amount.

(Thousands)	September 30 2007
Carrying amount	$319,255
Fair value	316,913

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16 EARNINGS (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

(Thousands, Except Per Common Share Data)	2008	2007	2006
Income (loss) available to common stockholders:			
Continuing operations	$(889,032)	$ 80,328	$ 70,778
Discontinued operations	285	671	54
	$(888,747)	$ 80,999	$ 70,832
Weighted average Common Shares	45,478	46,088	45,763
Less non-vested restricted Common Stock	665	417	342
Basic average Common Shares	44,813	45,671	45,421
Dilutive stock options and restricted Common Stock	-	133	125
Diluted average Common Shares	44,813	45,804	45,546
Earnings (loss) per common share:			
Basic:			
Continuing operations	$ (19.84)	$ 1.76	$ 1.56
Discontinued operations	0.01	0.01	-
	$ (19.83)	$ 1.77	$ 1.56
Diluted:			
Continuing operations	$ (19.84)	$ 1.75	$ 1.55
Discontinued operations	0.01	0.01	-
	$ (19.83)	$ 1.77	$ 1.56

For 2008, 2007 and 2006, the Company had 263,000, 1,128,000, and 842,500 weighted average shares, respectively, subject to issuance under its stock option and employee stock purchase plan that have no intrinsic value and are not considered in the computation of earnings (loss) per common share.

17 ALLOWANCE FOR DOUBTFUL ACCOUNTS

Valuation and qualifying account information related to the allowance for doubtful accounts receivable is as follows:

(Thousands)	2008	2007	2006
Balance, beginning of year	$10,266	$11,247	$ 9,303
Additions charged to expense	5,977	5,727	7,232
Deductions from reserves	(9,596)	(6,708)	(5,288)
Balance, end of year	$ 6,647	$10,266	$11,247

18 OTHER INFORMATION

Compensation and other accrued liabilities consist of the following:

(Thousands)	September 28 2008	September 30 2007
Compensation	$ 21,706	$ 31,006
Retirement and stock purchase plans	13,486	33,501
Interest	8,872	14,790
Other	16,352	16,739
	$ 60,416	$ 96,036

Cash payments are as follows:

(Thousands)	2008	2007	2006
Interest	$ 80,960	$ 86,767	$ 101,018
Income taxes, net of refunds	26,173	55,693	28,403

Components of accumulated other comprehensive income, net of deferred income taxes, are as follows:

(Thousands)	September 28 2008	September 30 2007
Unrealized gain (loss) on interest rate exchange agreements	$ (2,069)	$ 892
Unrealized gain on available-for-sale securities	434	388
Pension and postretirement benefits	44,828	40,912
Total accumulated other comprehensive income	$ 43,193	$ 42,192

19 COMMITMENTS AND CONTINGENT LIABILITIES

Operating Leases

The Company has operating lease commitments for certain of its office, production, and distribution facilities. Management expects that in the normal course of business, existing leases will be renewed or replaced. Minimum lease payments during the five years ending September 2013 and thereafter are $4,634,000, $3,667,000, $3,305,000, $2,656,000, $2,027,000 and $6,123,000, respectively. Total operating lease expense is $5,325,000, $5,518,000, and $5,354,000, in 2008, 2007, and 2006, respectively.

Capital Expenditures

At September 28, 2008, the Company had construction and equipment purchase commitments totaling approximately $5,211,000.

St. Louis Post-Dispatch Early Retirement Programs

In 2007, the *St. Louis Post-Dispatch* concluded an offering of early retirement incentives that resulted in an adjustment of staffing levels. 60 employees volunteered to take advantage of the offer, which includes enhanced pension and insurance benefits, and lump-sum cash payments based on continuous service. The initial cost totaled $10,704,000 before income tax benefit of which $7,962,000 was recorded as expense in 2007. The $2,742,000 remaining cost was offset against previously existing unrecognized gains in certain of the Company’s defined benefit plans. Approximately $3,700,000 of the cost represents cash payments, with the remainder due primarily to enhancements of pension and other postretirement benefits. Cash payments of $442,000 were made in 2007, and the remainder was paid in 2008.

In 2006, the *St. Louis Post-Dispatch* concluded another offering of early retirement incentives that resulted in an adjustment of staffing levels. 130 employees volunteered to take advantage of the offer, which includes enhanced pension and insurance benefits and lump-sum cash payments based on continuous service. The cost totaled $17,778,000 before income tax benefit, with $9,124,000 recognized in 2005, and $8,654,000 recognized in 2006. Approximately $7,000,000 of the cost represents cash payments made, with the remainder due primarily to enhancements of pension and other post retirement benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PD LLC Operating Agreement

In 2000, Pulitzer and Herald Inc. completed the transfer of their respective interests in the assets and operations of the *St. Louis Post-Dispatch* and certain related businesses to a new joint venture (the Venture), known as PD LLC. Pulitzer is the managing member of PD LLC. Under the terms of the Operating Agreement, Pulitzer and another subsidiary hold a 95% interest in the results of operations of PD LLC and Herald, as successor to Herald Inc., holds a 5% interest. Until March 30, 2008, Herald's 5% interest was reported as minority interest in the Consolidated Statements of Operations and Comprehensive Income (Loss) at historical cost, plus accumulated earnings since the acquisition of Pulitzer.

Also, under the terms of the Operating Agreement, Herald Inc. received on May 1, 2000 a cash distribution of $306,000,000 from PD LLC (the Initial Distribution). This distribution was financed by the Pulitzer Notes. Pulitzer's entry into the Venture was treated as a purchase for accounting purposes and a leveraged partnership for income tax purposes.

On May 1, 2010, the 2010 Redemption will provide Herald a one-time right to require PD LLC to redeem its interest in PD LLC, together with its interest, if any, in DS LLC. The May 1, 2010 redemption price for Herald's interest will be determined pursuant to a formula yielding an amount which will result in the present value to May 1, 2000 of the after tax cash flows to Herald (based on certain assumptions) from PD LLC, including the Initial Distribution and the special distribution described below, if any, and from DS LLC, being equal to $275,000,000. Based on this formula, the present value of the 2010 Redemption at September 28, 2008, is approximately $72,031,000. The Company concluded the remaining amount of this potential liability should be recorded in its Consolidated Balance Sheet in 2008, with the offset primarily to goodwill in the amount of $55,594,000, and the remainder recorded as a reduction of retained earnings.

Recording of the liability for the 2010 Redemption in 2008 also resulted in an increase in loss available to common stockholders and loss per common share of $8,838,000 and $0.20 respectively, which accounts primarily for the time value of the increase in the liability since the acquisition of Pulitzer on June 3, 2005.

During the first ten years of its term, PD LLC is restricted from making distributions (except under specified circumstances), capital expenditures and member loan repayments unless it has set aside out of its cash flow the Reserve which is equal to the product of $15,000,000 and the number of years since May 1, 2000, but not in excess of $150,000,000.

PD LLC is not required to maintain the Reserve after May 1, 2010.

Upon termination of PD LLC and DS LLC, which will be on May 1, 2015 (unless Herald exercises the 2010 Redemption described above), Herald will be entitled to the liquidating value of its interests in PD LLC and DS LLC, to be paid in cash by Pulitzer (the 2015 Liquidation). That amount would be equal to the amount of Herald's capital accounts, after allocating the gain or loss that would result from a cash sale of PD LLC and DS LLC's assets for their fair market value at that time. Herald's share of such gain or loss generally will be 5%, but will be reduced (but not below 1%) to the extent that the present value to May 1, 2000 of the after tax cash flows to Herald from PD LLC and from DS LLC, including the Initial Distribution, the special distribution described below, if any, and the liquidation amount (based on certain assumptions), exceeds $325,000,000.

The actual amount payable to Herald upon the termination of PD LLC and DS LLC on May 1, 2015 will depend on such variables as future cash flows, the amounts of any distributions to Herald prior to such payment, PD LLC's and DS LLC's rate of growth and market valuations of newspaper properties.

The redemption of Herald's interest in PD LLC and DS LLC either on May 1, 2010 or upon termination of PD LLC and DS LLC in 2015 is expected to generate significant tax benefits to the Company as a consequence of the resulting increase in the tax basis of the assets owned by PD LLC and DS LLC and

the related depreciation and amortization deductions. The increase in basis, which will be amortized for income tax purposes over a 15 year period, approximates the sum of the Initial Distribution and either the 2010 Redemption or the 2015 Liquidation.

In the event the transactions effectuated in connection with either the formation of the Venture and the Initial Distribution or the organization of DS LLC are recharacterized by the Internal Revenue Service (IRS) as a taxable sale by Herald, with the result in either case that the tax basis of PD LLC's assets increases and Herald is required to recognize taxable income as a result of such recharacterization, Herald generally will be entitled to receive a special distribution from PD LLC in an amount that corresponds, approximately, to the present value of the after tax benefit to the members of PD LLC of the tax basis increase. The adverse financial effect of any such special distribution to Herald on PD LLC (and thus Pulitzer and the Company) will be partially offset by the current and deferred tax benefits arising as a consequence of the treatment of the transactions effectuated in connection with the formation of the Venture and the Initial Distribution or the organization of DS LLC as a taxable sale by Herald. In 2006, the IRS concluded an examination of Herald without adjustment related to the Venture or the Initial Distribution.

Stock Repurchase Program

In 2008, the Company announced its intention to acquire up to $30,000,000 of its Common Stock in open market and private transactions. In 2008, 1,722,280 shares have been acquired and returned to authorized shares at an average price of $10.98.

The 2009 Amendments to the Credit Agreement require the Company to suspend share repurchases until its total leverage ratio is less than 4.5:1.

Income Taxes

Commitments exclude unrecognized tax benefits to be recorded in accordance with FIN 48. The Company is unable to reasonably estimate the ultimate amount or timing of cash settlements with the respective taxing authorities for such matters. See Note 14.

The Company files income tax returns with the IRS and various state tax jurisdictions. From time to time, the Company is subject to routine audits by those agencies, and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies, believes its positions taken regarding its filings are valid, and that adequate tax liabilities have been recorded to resolve such matters. However, the actual outcome cannot be determined with certainty and the difference could be material, either positively or negatively, to the Consolidated Statements of Operations and Comprehensive Income (Loss) in the periods in which such matters are ultimately determined. The Company does not believe the final resolution of such matters will be material to its consolidated financial position or cash flows.

In June 2006, the Company received a notice of deficiency asserting transferee liability for federal income taxes and penalties, excluding interest, totaling $25,200,000 related to the acquisition of assets by the Company in 2000. In August 2006, the IRS rescinded the notice of deficiency and issued a letter, which allowed the Company to initially pursue this matter at the IRS Appeals level. In February 2007, the IRS informed the Company that it does not intend to pursue the claim. In 2007, the IRS completed its audit of 2003 and 2004 without any adjustment corresponding to this matter. As a result of those developments and the resolution of certain state audits, the Company reduced income tax expense by $2,811,000 in 2008 and $6,880,000 in 2007.

The IRS has completed its review of the Company's income tax returns through 2004 and is presently examining income tax returns of Pulitzer for 2003, 2004 and 2005. The Company has various state income tax examinations ongoing and at various stages of completion, but generally the state income tax returns have been audited or closed to audit through 2002.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Legal Proceedings

The Company is involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While the Company is unable to predict the ultimate outcome of these legal actions, it is the opinion of management that the disposition of these matters will not have a material adverse effect on the Company's Consolidated Financial Statements, taken as a whole.

In 2008, the Company was served with a lawsuit by a group of California newspaper carriers claiming to be employees and not independent contractors of the Company. Since the suit is in the earliest of phases, the Company is unable to predict whether the ultimate economic outcome, if any, could have a material effect on the Company's Consolidated Financial Statements, taken as a whole. The Company denies the allegations of employee status, consistent with past practices of the Company and the industry, and intends to vigorously contest the action, which is not covered by insurance.

20 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2006, the FASB issued Statement 158. The Company adopted the recognition and disclosure provisions of Statement 158 as of September 30, 2007.

Statement 158 will also require the Company to change its measurement date to the last day of the fiscal year from a date three months prior to the end of the fiscal year, beginning in 2009. The change in measurement date will require a one-time adjustment to accumulated deficit, the effect of which cannot be determined at this time. None of the changes required will impact the Company's results of operations or cash flows.

In 2006, the FASB issued Statement 157, *Fair Value Measurements*, which defines fair value, provides guidelines for measuring fair value and expands disclosure requirements. Statement 157 does not require any new fair value measurement but applies to the accounting pronouncements that require or permit fair value measurement. Statement 157 is effective for the Company in 2009. The Company does not anticipate that the implementation of Statement 157 will have a material impact on its financial position, results of operation, or cash flows. The FASB has deferred the effective date of this pronouncement until 2010 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements.

In 2007, the FASB issued Statement 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which provides the Company the option to measure many financial instruments and certain other items at fair value that are not currently required or permitted to be measured at fair value. Statement 159 is effective for the Company in 2009. The Company has not completed its evaluation on the effect of Statement 159 on its Consolidated Financial Statements.

In 2008, the FASB issued Statement 141(R), *Business Combinations* and Statement 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51*. Statement 141(R) establishes requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interests. For the Company, the provisions of Statement 141(R) are effective for business combinations occurring in 2010. Statement 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of stockholders' equity. Statement 160 is effective for the Company in 2010. The Company has not completed its evaluation of the effects of Statements 141(R) and 160 on its Consolidated Financial Statements.

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In 2008, the FASB issued Statement 161, *Disclosures About Derivative Instruments and Hedging Activities*, an amendment of FASB Statement 133. Statement 161 requires disclosure regarding the objectives and strategies for using derivative instruments and the credit-risk-related features. Statement 161 also requires disclosure of the fair value amounts and the gains and loses on derivative instruments in tabular form. Statement 161 is effective for the Company in 2010.

21 QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter			
(Thousands, Except Per Common Share Data)	1st	2nd	3rd	4th
2008				
Operating revenue	$279,856	$ 247,725	$256,394	$ 244,893
Income from continuing operations	$ 21,788	$(705,553)	$ 3,539	$(199,968)
Discontinued operations	338	(1)	(52)	-
Net income (loss)	$ 22,126	$(705,554)	$ 3,487	$(199,968)
Income (loss) available to common stockholders	$ 22,126	$(713,037)	$ 2,832	$(200,668)
Earnings per common share:				
Basic:				
Income from continuing operations	$ 0.48	$ (15.90)	$ 0.07	$ (4.53)
Discontinued operations	0.01	-	-	-
	$ 0.48	$ (15.90)	$ 0.06	$ (4.53)
Diluted:				
Income from continuing operations	$ 0.48	$ (15.90)	$ 0.06	$ (4.53)
Discontinued operations	0.01	-	-	-
	$ 0.48	$ (15.90)	$ 0.06	$ (4.53)
2007				
Operating revenue	$298,489	$ 259,967	$279,500	$ 282,239
Income from continuing operations	$ 26,523	$ 11,848	$ 22,139	$ 19,819
Discontinued operations	128	43	352	147
Net income	$ 26,651	$ 11,891	$ 22,491	$ 19,966
Earnings per common share:				
Basic:				
Income from continuing operations	$ 0.58	$ 0.26	$ 0.48	$ 0.43
Discontinued operations	-	-	0.01	-
	$ 0.58	$ 0.26	$ 0.49	$ 0.44
Diluted:				
Income from continuing operations	$ 0.58	$ 0.26	$ 0.48	$ 0.43
Discontinued operations	-	-	0.01	-
	$ 0.58	$ 0.26	$ 0.49	$ 0.44

Results of operations for the second, third and fourth quarters of 2008 include non-cash impairment charges, net of deferred income taxes, of $708,587,000, $8,605,000 and $176,530,000, respectively. Income taxes for the fourth quarter of 2008 include additional income tax expense of $29,502,000 related to an increase in the valuation allowance for deferred tax assets.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Lee Enterprises, Incorporated:

We have audited the accompanying consolidated balance sheet of Lee Enterprises, Incorporated and subsidiaries as of September 28, 2008, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the 52-week period ended September 28, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audit provides 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 28, 2008, and the results of their operations and their cash flows for the 52-week period ended September 28, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 14 to the consolidated financial statements, effective October 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes.*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 1 and note 7 to the consolidated financial statements, the Company has short-term obligations that cannot be satisfied by available funds and has incurred violations of debt covenants that subject the related principal amounts to acceleration, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 7. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lee Enterprises, Incorporated's internal control over financial reporting as of September 28, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 31, 2008 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

We also have audited the adjustments described in Note 3 to the consolidated financial statements that were applied to restate the 2007 and 2006 consolidated financial statements to reflect the results of discontinued operations related to the 2008 divestiture. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2007 and 2006 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2007 and 2006 consolidated financial statements taken as a whole.

/s/ KPMG LLP

Chicago, Illinois
December 31, 2008

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Deloitte.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

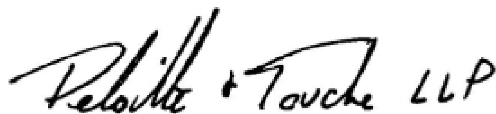
We have audited, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 3 to the consolidated financial statements, the accompanying Consolidated Balance Sheet of Lee Enterprises, Incorporated and subsidiaries (the “Company”) as of September 30, 2007, and the related Consolidated Statements of Income and Comprehensive Income, Stockholders’ Equity, and Cash Flows for the years ended September 30, 2007 and 2006 (the 2007 and 2006 consolidated financial statements before the effects of the retrospective adjustments discussed in Note 3 to the consolidated financial statements are not presented herein). 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 the standards of the Public Company Accounting Oversight Board (United States). 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, such 2007 and 2006 consolidated financial statements, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 3 to the consolidated financial statements, present fairly, in all material respects, the financial position of Lee Enterprises, Incorporated and subsidiaries at September 30, 2007, and the results of their operations and their cash flows for the years ended September 30, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the discontinued operations discussed in Note 3 to the consolidated financial statements and, accordingly, we do not express an opinion or any form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

As discussed in Notes 9 and 10 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans*, which changed its method of accounting for pension and other post retirement benefits as of September 30, 2007.



Davenport, Iowa
November 29, 2007

Exhibit 10.4

SECOND WAIVER TO CREDIT AGREEMENT

SECOND WAIVER TO CREDIT AGREEMENT (this "Second Waiver"), dated as of December 22, 2008, among LEE ENTERPRISES, INCORPORATED, a Delaware corporation (the "Borrower"), the lenders party to the Credit Agreement referred to below (the "Lenders") and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Administrative Agent (in such capacity, the "Administrative Agent"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided such terms in the Credit Agreement.

W I T N E S S E T H :

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to an Amended and Restated Credit Agreement, dated as of December 21, 2005 (as amended, restated, modified and/or supplemented to, but not including, the date hereof, the "Credit Agreement");

WHEREAS, the Borrower has informed the Administrative Agent and the Lenders that (i) Pulitzer may be in default of (a) Section 4.1(ii) of the PD LLC Notes Guaranty and Section 5A(ii) of the PD LLC Notes Agreement, in each case in the event (I) the independent public accountants' audit opinion in respect of Pulitzer's fiscal year ended September 28, 2008 contains a "going concern qualification" as a result of the PD LLC Notes being treated as current obligations on Pulitzer's balance sheet and/or the financing arrangements under the Credit Agreement and the PD LLC Notes and (II) Pulitzer fails to deliver the audited annual financial statements of Pulitzer and its Subsidiaries and related compliance certificates required to be delivered pursuant to said Sections within 90 days after the end of Pulitzer's fiscal year ended September 28, 2008, (b) Section 5.1(i) of the PD LLC Notes Guaranty in the event the ratio of Consolidated Debt (as defined in the PD LLC Notes Guaranty) to EBITDA (as defined in the PD LLC Notes Guaranty) does not meet the requirements of said Section as of the last day of Pulitzer's fiscal quarter ended December 28, 2008 and (c) Section 5.1(ii) of the PD LLC Notes Guaranty in the event that Consolidated Net Worth (as defined in the PD LLC Notes Guaranty) does not meet the requirements of said Section as of the last day of Pulitzer's fiscal quarters ended September 28, 2008 and December 28, 2008, (ii) (x) the default described in immediately preceding clause (i)(a) will constitute a Default and, within 30 days after the required date of delivery of Pulitzer's audited annual financial statements and related audit opinion and compliance certificates referred to in such clause (i)(a), an Event of Default, in either case under Section 11.04 of the Credit Agreement and (y) the default described in immediately preceding clauses (i)(b) and (c) will constitute Events of Default under Section 11.04 of the Credit Agreement (such Defaults and/or Events of Default, the "Pulitzer Events of Default"), (iii) the Borrower may be in default of Sections 9.01(b) and (e) of the Credit Agreement in the event (I) the independent public accountants' audit opinion in respect of the Borrower's fiscal year ended September 28, 2008 contains a "going concern qualification" as a result of the PD LLC Notes being treated as current obligations on the Borrower's consolidated balance sheet and/or the financing arrangements under the Credit Agreement and the PD LLC Notes and (II) the Borrower fails to deliver the audited annual financial statements and related compliance

certificate required to be delivered pursuant to said Sections within 90 days after the close of the fiscal year of the Borrower ended September 28, 2008 and (iv) such defaults described in immediately preceding clause (iii) will constitute Defaults and, within 30 days after the required date of delivery of such audit opinion, audited annual financial statements and compliance certificate, Events of Default, in either case, under Section 11.03 of the Credit Agreement (such Default and/or Event of Default, together with the Pulitzer Events of Default, collectively the "Specified Events of Default" and each a "Specified Event of Default"); and

WHEREAS, the Borrower has requested, and the Lenders have agreed, subject to the terms and conditions of this Second Waiver, to waive the Specified Events of Default;

NOW, THEREFORE, it is agreed:

I. Waiver to the Credit Agreement.

1. Notwithstanding anything to the contrary contained in the Credit Agreement, the Lenders hereby waive the Specified Events of Default so long as no other Default or Event of Default exists (or hereafter arises) under the Credit Agreement; provided that such waiver of the Specified Events of Default shall cease to be of any force or effect (v) on the Business Day immediately following the first Quarterly Payment Date in 2009 (the "Waiver Termination Date"), at which time each Specified Event of Default then existing under the Credit Agreement will constitute an immediate Event of Default under the Credit Agreement without regard to this Second Waiver, (w) at any time on or after the date hereof and prior to the Waiver Termination Date, a Default or an Event of Default (other than the Specified Events of Default) exists under the Credit Agreement, at which time each Specified Event of Default then existing under the Credit Agreement will constitute an immediate Event of Default under the Credit Agreement without regard to this Second Waiver, (x) at any time on or after the date hereof and prior to the Waiver Termination Date, any of the holders of the PD LLC Notes shall take any action to enforce their rights or remedies under any of the PD LLC Notes Documents or applicable law, at which time each Specified Event of Default then existing under the Credit Agreement will constitute an immediate Event of Default under the Credit Agreement without regard to this Second Waiver, (y) on January 5, 2009 if the Borrower fails to deliver the audited annual financial statements and related compliance certificate required to be delivered pursuant to Sections 9.01(b) and (e) of the Credit Agreement in respect of the fiscal year of the Borrower ended September 28, 2008 on or prior to such date (although said audited financial statements may have a "going concern" qualification to the extent provided above in this Second Waiver), at which time each Specified Event of Default then existing under the Credit Agreement will constitute an immediate Event of Default under the Credit Agreement without regard to this Second Waiver and (z) on the earlier to occur of (I) the date that Pulitzer delivers the audited annual financial statements of Pulitzer and its Subsidiaries and related compliance certificates required to be delivered pursuant to Section 4.1(ii) of the PD LLC Notes Guaranty and Section 5A(ii) of the PD LLC Notes Agreement in respect of the fiscal year of Pulitzer ended September 28, 2008 to the holders of the PD LLC Notes (although said audited financial statements may have a "going concern" qualification to the extent provided above in this Second Waiver) and (II) January 29, 2009, in either case, if the Borrower fails to deliver copies of such audited annual financial statements of Pulitzer and its Subsidiaries and related compliance certificates to the Lenders on or prior to such earlier date,

at which time each Specified Event of Default then existing under the Credit Agreement will constitute an immediate Event of Default under the Credit Agreement without regard to this Second Waiver.

2. In order to induce the Lenders to grant the waivers set forth in preceding Section 1 of Part I of this Second Waiver, and notwithstanding anything to the contrary contained in the Credit Agreement, during the period from December 15, 2008 until such time as the Required Lenders otherwise agree in writing:

(i) in connection with any requested Borrowing of Revolving Loans or Swingline Loans pursuant to Section 2.03 of the Credit Agreement, and as a condition precedent to any such Borrowing (in addition to the other conditions precedent contained in the Credit Agreement), the Borrower shall deliver to the Administrative Agent together with the relevant Notice of Borrowing, a certificate of an Authorized Officer certifying (x) in detail reasonably satisfactory to the Administrative Agent, as to the use of the proceeds of such Borrowing and (y) that as of the date of such requested Borrowing, the aggregate amount of Unrestricted cash and Cash Equivalents owned or held by the Borrower and its Subsidiaries, determined after giving pro forma effect to such Borrowing and the application of proceeds therefrom (which application shall be made within two Business Days of the date of such Borrowing and the proceeds thereof applied in a manner consistent with the foregoing certifications) and from any other Unrestricted cash and Cash Equivalents then held or owned by the Borrower and its Subsidiaries (to the extent such proceeds and/or other Unrestricted cash and Cash Equivalents are to be utilized by the Borrower and its Subsidiaries within two Business Days of such date for a permitted purpose under the Credit Agreement (after giving effect to this Second Waiver) other than an Investment in Unrestricted cash and Cash Equivalents or in a Subsidiary of the Borrower), shall not exceed $15,000,000 (with all determinations of the amount of Unrestricted cash and Cash Equivalents of the Borrower and its Subsidiaries pursuant to this clause (y) to be made exclusive of cash and Cash Equivalents owned or held by any Excluded Domestic Subsidiaries to the extent that such cash and Cash Equivalents is not permitted to be distributed at such time by the terms of the applicable PD LLC Notes Documents or the Permitted PD LLC Notes Refinancing Indebtedness);

(ii) neither the Borrower nor any of its Subsidiaries (other than Pulitzer and its Subsidiaries) shall be permitted to pay any fee to the holders of the PD LLC Notes (or any agent or advisor in respect thereof) in connection with any amendment, modification, change or waiver of, or forbearance with respect to, any term or provision of any PD LLC Notes Document;

(iii) without limiting the obligations of the Borrower under the Credit Agreement, the Borrower hereby agrees that it shall pay all reasonable fees and disbursements of counsel and consultants of the Administrative Agent (including, without limitation, White & Case LLP and Alvarez & Marsal North America, LLC ("A&M")) within ten Business Days of the receipt of any invoice evidencing any such fees or disbursements;

(iv) the Borrower hereby confirms and agrees that it shall (x) at the request of the Administrative Agent, cause the Borrower's senior management, and use its commercially reasonable efforts to cause the Borrower's financial and legal advisors, to (I) discuss (telephonically), on not less than a bi-weekly basis during regular business hours and for reasonable durational periods, with the Administrative Agent, its legal and financial advisors and the Lenders identified by the Administrative Agent to the Borrower as the steering committee (the "Steering Committee"), among other things, the ongoing financial performance and operations, liquidity and progress with respect to any asset sale, merger, consolidation or other business combination, equity infusion, change of control transaction or restructuring plan or similar proposal with respect to the Borrower and its Subsidiaries, in each case having a fair market value or transaction value in excess of $5,000,000 (each, a "Proposed Transaction") and (II) provide A&M and its personnel with access to certain books, records, reports and other information of the Borrower and its Subsidiaries at reasonable times and locations, in each case to the extent reasonably requested by A&M and to otherwise reasonably cooperate with A&M and its personnel in connection with its analysis of the Borrower and its Subsidiaries and (y) promptly deliver (and in any event, within two Business Days of receipt thereof by the Borrower) to the Administrative Agent (for further distribution to the Steering Committee) each letter of intent, commitment letter, term sheet, memorandum of understanding or similar indication of interest or other agreement, document or correspondence received by the Borrower or its financial or legal advisors with respect to any Proposed Transaction;

(v) the Borrower hereby confirms and agrees that, from and after the Second Waiver Effective Date (as hereinafter defined), it shall deliver, by no later than the first Business Day of each other week (beginning on January 5, 2009), a forecast for the succeeding 13-week period of the projected consolidated cash flows of the Borrower and its Subsidiaries, taken as a whole, together with a variance report of actual cash flow for the immediately preceding period for which a forecast was delivered against the then current forecast for such preceding period; and

(vi) the Borrower hereby confirms and agrees that it shall promptly deliver to the Administrative Agent any notices received from Herald or any holders of the PD LLC Notes in connection with any action to enforce their rights or remedies under any of the PD LLC Operating Agreement, the PD LLC Notes Documents or applicable law.

The Borrower hereby further acknowledges and agrees that each of the covenants set forth above in this Section 2 shall constitute a covenant for purposes of the Credit Agreement (including for the purposes of Section 11.03 of the Credit Agreement).

3. The parties hereto hereby acknowledge and agree that (a) the Lenders have not waived any existing or future Defaults or Events of Default under the Credit Agreement (other than the Specified Events of Default on the terms provided for herein), (b) no course of dealing shall be deemed to be established as a consequence of the Lenders agreeing to waive the Specified Events of Default as provided in this Second Waiver and continuing to make Loans and issue and participate in Letters of Credit on the terms described in Section 2 of Part I of this Second Waiver and (c) subject to the limitations set forth in Section 2 of Part I of this Second Waiver, all Credit Events shall be subject to the terms and conditions of the Credit Agreement.

II. Miscellaneous Provisions.

1. In order to induce the Lenders to enter into this Second Waiver, the Borrower hereby represents and warrants that (i) no Default or Event of Default exists as of the Second Waiver Effective Date (as defined below), immediately after giving effect to this Second Waiver on such date, (ii) all of the representations and warranties contained in the Credit Agreement and in the other Credit Documents are true and correct in all material respects on the Second Waiver Effective Date, immediately after giving effect to this Second Waiver on such date, with the same effect as though such representations and warranties had been made on and as of the Second Waiver Effective Date (it being understood that any representation or warranty made as of a specific date shall be true and correct in all material respects as of such specific date), and (iii) this Second Waiver has been duly authorized by all necessary action on the part of each Credit Party, has been duly executed and delivered by each Credit Party and constitutes a legal, valid and binding obligation of each Credit Party, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

2. The Credit Parties acknowledge and agree and hereby represent and warrant that (x) the Credit Agreement (as modified hereby) and each other Credit Document, and all Obligations and Liens thereunder, are valid and enforceable against the Credit Parties in every respect and all of the terms and conditions thereof are legally binding upon the Credit Parties, in each case all without offset, counterclaims or defenses of any kind and (y) the perfected status and priority of each Lien and security interest created under each Security Document remains in full force and effect in accordance with the requirements of the Credit Agreement on a continuous basis, unimpaired, uninterrupted and undischarged, in each case as of the Second Waiver Effective Date, both immediately before and immediately after giving effect to this Second Waiver on such date.

3. In further consideration of the Lenders' execution of this Second Waiver, each Credit Party unconditionally and irrevocably acquits and fully forever releases and discharges each Lender, each Issuing Lender, the Administrative Agent, the Collateral Agent and all affiliates, partners, subsidiaries, officers, employees, agents, attorneys, principals, directors and shareholders of such Persons, and their respective heirs, legal representatives, successors and assigns (collectively, the "Releasees") from any and all claims, demands, causes of action, obligations, remedies, suits, damages and liabilities of any nature whatsoever, whether now known, suspected or claimed, whether arising under common law, in equity or under statute, which such Credit Party ever had or now has against any of the Releasees and which may have arisen at any time prior to the date hereof and which were in any manner related to this Second Waiver, the Credit Agreement, any other Credit Document or related documents, instruments or agreements or the enforcement or attempted or threatened enforcement by any of the Releasees of any of their respective rights, remedies or recourse related thereto (collectively, the "Released

Claims”). Each Credit Party covenants and agrees never to commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against any of the Releasees any action or other proceeding based upon any of the Released Claims.

4. This Second Waiver is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Credit Agreement or any other Credit Document.

5. This Second Waiver may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

6. **THIS SECOND WAIVER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.**

7. This Second Waiver shall become effective on the date (the “Second Waiver Effective Date”) when each of the following conditions shall have been satisfied:

(i) the Borrower, each other Credit Party and Lenders constituting the Required Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036 Attention: May Yip (facsimile number: 212-354-8113 / e-mail address: myip@whitecase.com); and

(ii) the Borrower shall have paid (x) to the Administrative Agent and the Lenders all fees, costs and expenses (including, without limitation, legal fees and expenses of White and Case LLP and financial advisor fees and expenses) payable to the Administrative Agent and the Lenders to the extent then due pursuant to the Credit Agreement, (y) to the Administrative Agent $150,000 as a retainer for White & Case LLP and (z) to the Administrative Agent $150,000 as a retainer for A&M (it being understood and agreed that each such retainer shall be an “evergreen” retainer and shall not be deemed to be a “cap” on the costs, fees and expenses and that the receipt of such retainer shall not limit the rights and remedies of the Administrative Agent and the Lenders, or the obligations of the Borrower under Section 13.01 of the Credit Agreement or Section 2 of Part I of this Second Waiver).

8. The Borrower hereby covenants and agrees that, so long as the Second Waiver Effective Date occurs, it shall pay to each Lender which executes and delivers to the Administrative Agent (or its designee) a counterpart hereof by 5:30 P.M. (New York City time) on December 22, 2008 (or, if later, on the Second Waiver Effective Date), a non-refundable cash fee (the “Waiver Fee”) in Dollars in an amount equal to 7.5 basis points (0.075%) on an amount equal to the sum of (i) the aggregate principal amount of all Term Loans of such Lender

outstanding on the Second Waiver Effective Date (immediately prior to the occurrence thereof) plus (ii) the Revolving Loan Commitment of such Lender as in effect on the Second Waiver Effective Date (immediately prior to the occurrence thereof). The Waiver Fee shall not be subject to counterclaim or set-off, or be otherwise affected by, any claim or dispute relating to any other matter. The Waiver Fee shall be paid by the Borrower to the Administrative Agent for distribution to the relevant Lenders not later than the Business Day following the Second Waiver Effective Date.

9. By executing and delivering a copy hereof, each Credit Party hereby agrees that all Obligations of the Credit Parties shall be fully guaranteed pursuant to the Subsidiaries Guaranty and shall be fully secured pursuant to the Pledge Agreements, in each case in accordance with the respective terms and provisions thereof and that this Second Waiver does not in any manner constitute a novation of any Obligations under any of the Credit Documents

10. From and after the Second Waiver Effective Date, all references in the Credit Agreement and each of the other Credit Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Second Waiver as of the date first above written.

LEE ENTERPRISES, INCORPORATED, as a Borrower

By: /s/ Carl G. Schmidt
Name: Carl G. Schmidt
Title: Vice President
Chief Financial Officer And Treasurer

DEUTSCHE BANK TRUST COMPANY AMERICAS,
Individually and as Administrative Agent

By: /s/ Susan LeFevre
Name: Susan LeFevre
Title: Director

By: /s/ Erin Morrissey
Name: Erin Morrissey
Title: Vice President

Signature page to Lee Second Waiver

Each of the undersigned, each being a Subsidiary Guarantor under, and as defined in, the Credit Agreement referenced in the foregoing Second Waiver, hereby consents to the entering into of the Second Waiver and agrees to the provisions thereof (including, without limitation, Part II, Sections 2, 3 and 8 thereof).

ACCUDATA, INC.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

INN PARTNERS, L.C.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

JOURNAL – STAR PRINTING CO.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

K. FALLS BASIN PUBLISHING, INC.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

LEE CONSOLIDATED HOLDINGS CO.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

LEE PUBLICATIONS, INC.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

LEE PROCUREMENT SOLUTIONS CO.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

LINT CO.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

SIOUX CITY NEWSPAPERS, INC.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

TARGET MARKETING SYSTEMS, INC.,

By: /s/ C. D. Waterman III
Name: C. D. Waterman III
Title: Secretary

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

SunTrust Bank

By: /s/ Amanda K Parks
Name: Amanda K Parks
Title: SVP

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A.

By: /s/ Patrick G. Honey
Name: Patrick G. Honey
Title: Senior Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

THE BANK OF NEW YORK MELLON

By: /s/ Lily A. Dastur
Name: Lily A. Dastur
Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

SCOTIABANC INC.

By: /s/ J. F. Todd
Name: J. F. Todd
Title: Managing Director

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

The Bank of Nova Scotia

By: /s/ Brenda S. Insull

Name: Brenda S. Insull

Title: Authorized Signatory

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Bank of Communications Co., Ltd., New York Branch

By: /s/ Shelley He
Name: Shelley He
Title: Deputy General Manager

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: /s/ Jose Carlos
Name: Jose Carlos
Title: Authorized Signatory

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

CITIBANK, N.A.

By: /s/ Laura Neenan
Name: Laura Neenan
Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

COMERICA BANK

By: /s/ Sarah R. West

Name: Sarah R. West

Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Erste Group Bank AG

By: /s/ Robert J. Wagman
Name: Robert J. Wagman
Title: Director

By: /s/ Bryan Lynch
Name: Bryan Lynch
Title: Executive Director

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Fortis Bank SA/NV, New York Branch

By: /s/ John G. Sullivan
Name: John G. Sullivan
Title: Managing Director

By: /s/ John W. Deegan
Name: John W. Deegan
Title: Director & Group Head

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

JPMorgan Chase Bank NA

By: /s/ Phillip D. Martin
Name: Phillip D. Martin
Title: Senior Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

MORGAN STANLEY BANK, N. A.

By: /s/ Melissa James
Name: Melissa James
Title: Authorized Signatory

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

National City Bank

By: /s/ Derek R. Cook

Name: Derek R. Cook

Title: Senior Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

The Northern Trust Company

By: /s/ William R. Kopp
Name: William R. Kopp
Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Quad City Bank and Trust

By: /s/ Rebecca skafidas
Name: Rebecca skafidas
Title: Assistant Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., “RABOBANK NEDERLAND”, NEW YORK BRANCH
as a Lender

By: /s/ Eric Hurshman
Name: Eric Hurshman
Title: Managing Director

By: /s/ Brett Delfino
Name: Brett Delfino
Title: Executive Director

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

United Overseas Bank Limited

By: /s/ George Lim
Name: George Lim
Title: SVP & GM

By: /s/ Rayson Li
Name: Rayson Li
Title: VP

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Wachovia Bank, NA

By: /s/ Joe Mynatt
Name: Joe Mynatt
Title: Director

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Webster Bank, National Association

By: /s/ John Gilsenan
Name: John Gilsenan
Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

Wells Fargo Bank, N. A.

By: /s/ Ronald P. Christenson
Name: Ronald P. Christenson
Title: Vice President

Signature page to Lee Second Waiver

SIGNATURE PAGE TO THE SECOND WAIVER TO CREDIT AGREEMENT, DATED AS OF THE DATE FIRST REFERENCED ABOVE, AMONG LEE ENTERPRISES, INCORPORATED, VARIOUS LENDERS AND DEUTSCHE BANK TRUST COMPANY AMERICAS, AS ADMINISTRATIVE AGENT

Name of Institution:

West LB AG

By: /s/ Petra Beckert
Name: Petra Beckert
Title: Executive Director

/s/ Ronald Spitzer
Ronald Spitzer
Executive Director

Signature page to Lee Second Waiver

Exhibit 10.11

THE HERALD COMPANY, INC.
Clinton Square
Syracuse, NY 13201

December 14, 2006

Pulitzer Inc.
Pulitzer Technologies, Inc.
900 North Tucker Boulevard
St. Louis, MO 63101
Attention: Mr. Ronald H. Ridgway

Reference is made to:

(a) the Operating Agreement of St. Louis Post-Dispatch LLC ("SPD"), dated as of May 1, 2000, among The Herald Company, Inc. ("Herald") Pulitzer Inc. ("Pulitzer") and Pulitzer Technologies, Inc. ("PTI") (the "Post-Dispatch Operating Agreement");

(b) the Indemnity Agreement, dated May 1, 2000, between Herald and Pulitzer; and

(c) the Operating Agreement of STL Distribution Services LLC, dated May 31, 2001, among Herald, Pulitzer and PTI, as amended (the "STL Operating Agreement," together with the Post-Dispatch Operating Agreement, the "Operating Agreements"),

and in the case of the two Operating Agreements, as supplemented by the letter from Pulitzer and PTI to Herald, dated June 27, 2001.

On December 31, 2006, Herald intends to assign all of its assets subject to all its liabilities to The Herald Publishing Company, LLC, a New York limited liability company ("HPC"). HPC qualifies as an Affiliate under Section 7.1 of each of the Operating Agreements. We hereby request the consent of Pulitzer to the assignment of the rights and liabilities of Herald under the Indemnity Agreement to HPC. In that connection, we confirm to you that the facts stated in the letter dated May 1, 2000 from Herald to Pulitzer are true as of the date hereof, will be true on December 31, 2006 and that all of the assets of the nature described in such letter will be transferred to HPC on December 31, 2006. Herald agrees to indemnify Pulitzer in the event and to the extent that the assignment consented to herein causes any adverse tax consequences to Pulitzer.

Please indicate your consent to the assignment by signing and returning the enclosed copy of this letter.

Very truly yours,

THE HERALD COMPANY, INC.

By: /s/ Donald E. Newhouse

AGREED TO:

PULITZER INC.
PULITZER TECHNOLOGIES, INC.

By: /s/ Karen J. Guest
Date: 12/16/06

PULITZER TECHNOLOGIES, INC.

By: /s/ Karen J. Guest
Date: 12/16/06

AMENDMENT NO. 2 TO NOTE AGREEMENT

THIS AMENDMENT NO. 2 TO NOTE AGREEMENT (this “**Amendment**”) is entered into as of February 1, 2006 by and between ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the “**Company**”), and the undersigned holders of Notes (as hereinafter defined).

Recitals

A. The Company entered into that certain Note Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Note Agreement dated as of November 23, 2004 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the “**Note Agreement**”), with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers the Company’s 8.05% Senior Notes due April 28, 2009, in the aggregate principal amount of $306,000,000 (together with any such promissory notes that may have been issued in substitution or exchange therefor prior to the date hereof, the “**Notes**”).

B. The Guarantor of the Note Agreement was acquired by Lee Enterprises, Incorporated, a Delaware corporation (“**Lee**”), on June 3, 2005.

C. As of the Effective Date (as hereinafter defined), the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

D. The Company desires to make certain amendments and modifications to the Note Agreement, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

2. Amendments to Paragraph 5A (Financial Statements).

(a) Clause (i) of paragraph 5A of the Note Agreement is amended by deleting such clause in its entirety and replacing it with the following:

“(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) of Lee in each fiscal year, a consolidating and consolidated statement of income and a consolidated statement of cash flows of the Guarantor and its Subsidiaries (including the Company) for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries

(including the Company) as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year (if applicable, in the case of the Company and its Subsidiaries), all in reasonable detail and certified by an authorized financial officer of Lee, subject to changes resulting from year-end adjustments;"

(b) Clause (ii) of paragraph 5A of the Note Agreement is amended by deleting such clause in its entirety and replacing it with the following:

"(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year of Lee, a consolidating and consolidated statement of income and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries (including the Company) as at the end of such year and consolidated statements of cash flows and stockholders' equity of the Guarantor and its Subsidiaries (including the Company) for such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to the Required Holder(s) and, as to the consolidated statements, audited by independent public accountants of recognized standing selected by the Guarantor whose opinion shall be in scope and substance satisfactory to the Required Holder(s) and, as to the consolidating statements, certified by an authorized financial officer of Lee;"

3. Amendment to Paragraph 10B (Other Terms). Paragraph l0B of the Note Agreement is amended by adding the following new definition in the appropriate alphabetical position therein:

""**Lee**" shall mean Lee Enterprises, Incorporated, a Delaware corporation."

4. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) Organization; Power and Authority; Enforceability. The Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware. The Company has all requisite limited liability company power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Note Agreement as amended hereby. The execution and delivery by the Company of this Amendment and the performance by the Company of its obligations under this Amendment and the Note Agreement as amended hereby have been duly authorized by all requisite limited liability company action on the part of the Company. The Company has duly executed and delivered this Amendment, and this Amendment and the Note Agreement as amended hereby constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since December 26, 2004, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the

Company and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty Agreement or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of the Note Agreement, the Guaranty Agreement or the Notes.

5. Conditions to Effectiveness. This Amendment shall become effective, as of the date first written above (the "**Effective Date**"), upon satisfaction of the following conditions precedent:

(a) The undersigned holders of Notes shall have received the following, each in form and substance satisfactory to such holders, in their sole discretion, duly executed and delivered by each of the parties thereto:

(i) a counterpart of this Amendment; and

(ii) Amendment No. 4 to Guaranty Agreement, dated as of even date herewith, with respect to the Guaranty Agreement.

(b) The representations and warranties of the Company contained in this Amendment and the Note Agreement shall be true on and as of the Effective Date (except for those which expressly relate to an earlier date, which shall be true on and as of such earlier date).

6. Miscellaneous.

(a) References to Note Agreement. Upon and after the date of this Amendment, each reference to the Note Agreement in the Note Agreement, the Guaranty Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Note Agreement, the Guaranty Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Company agrees to pay promptly, or to cause the Guarantor to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Guarantor Consent. Notwithstanding that such consent is not required under the Guaranty Agreement, the Guarantor consents to the execution and delivery of this Amendment

by the parties hereto. As a material inducement to the undersigned holders of Notes to amend the Note Agreement, the Guarantor (i) acknowledges and confirms the continuing existence, validity and effectiveness of the Guaranty Agreement and (ii) agrees that the execution, delivery and performance of this Amendment shall not in any way release, diminish, impair, reduce or otherwise affect its obligations under the Guaranty Agreement.

(g) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[The remainder of this page is intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ST. LOUIS POST-DISPATCH LLC

By: /s/ CARL G. SCHMIDT
Name: CARL G. SCHMIDT
Title: MANAGING MEMBER

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Brian Lemons
Vice-President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY
AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Advisor

By: /s/ Peter DeFazio
Name: Peter DeFazio
Title: Vice President

FIRST COLONY LIFE INSURANCE COMPANY

By: /s/ John R. Endres
Name: John R. Endres
Title: Investment Officer

Signature page to Amendment No. 2 to Note Agreement

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Howard Stern
Name: Howard Stern
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, for its Group Annuity Separate Account

By: Northwestern Investment Management Company

By: /s/ Howard Stern
Name: Howard Stern
Its Managing Director

PACIFIC LIFE INSURANCE COMPANY

By: /s/ Cathy L. Schwartz
Name: Cathy L. Schwartz
Title: Assistant Vice President

By: /s/ Diane W. Dales
Name: Diane W. Dales
Title: Assistant Secretary

Agreed and acknowledged for the purposes specified in Section 6(f).

PULITZER INC.

By: /s/ CARL G. SCHMIDT
Name: CARL G. SCHMIDT
Title: TREASURER

Signature page to Amendment No. 2 in Note Agreement

Exhibit 10.15

AMENDMENT NO. 3 TO NOTE AGREEMENT

THIS AMENDMENT NO. 3 TO NOTE AGREEMENT (this "**Amendment**") is entered into as of November 19, 2008 by and between ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "**Company**"), and the undersigned holders of Notes (as hereinafter defined).

Recitals

A. The Company entered into that certain Note Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Note Agreement dated as of November 23, 2004, and by Amendment No. 2 to Note Agreement dated as of February 1, 2006 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**"), with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers the Company's 8.05% Senior Notes due April 28, 2009, in the aggregate principal amount of $306,000,000 (together with any such promissory notes that may have been issued in substitution or exchange therefor prior to the date hereof, the "**Notes**").

B. As of the Effective Date (as hereinafter defined), the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

C. The Company desires to make certain amendments and modifications to the Note Agreement, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

2. Amendments to Paragraph 11 (Miscellaneous).

(a) Paragraph 11 of the Note Agreement is amended by adding a new paragraph 11S at the end thereof, such new paragraph to read in its entirety as follows:

> 11S. **Confidential Information**. For the purposes of this paragraph 11S, **"Confidential Information"** means (x) the fact that special counsel for the holders has retained a financial advisor and (y) information delivered, whether to any holder or to any financial advisor retained by special counsel to the holders, by or on behalf of the Company, any Subsidiary, the Guarantor or Lee in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such holder or financial advisor as being confidential information of the Company, such

Subsidiary, the Guarantor or Lee, provided that such term does not include information that (a) was publicly known or otherwise known to such holder prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such holder or any person acting on such holder's behalf, (c) otherwise becomes known to such holder other than through disclosure by any such financial advisor or by the Company, any Subsidiary, the Guarantor or Lee or (d) constitutes financial statements that are otherwise publicly available. Each holder will maintain the confidentiality of such Confidential Information delivered to it in accordance with procedures adopted by such holder in good faith to protect confidential information of third parties delivered to such holder, provided that such holder deliver or disclose Confidential Information described in clause (x) or (y) above to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this paragraph 11S, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 11S), (v) any Person from which it offers to purchase any security of the Company, the Guarantor or Lee (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 11S), (vi) any federal or state regulatory authority having jurisdiction over such holder, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such holder's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such holder, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such holder is a party or (z) if an Event of Default has occurred and is continuing, to the extent such holder may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such holder's Notes, this Agreement, the Guaranty Agreement or any document relating hereto or thereto, including without limitation any document granting a Lien. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this paragraph 11S as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this paragraph 11S.

3. Amendment to Paragraph 10B (Other Terms). Paragraph 10B of the Note Agreement is amended by adding the following new definition in the appropriate alphabetical position therein:

"**Institutional Investor**" means (a) any Purchaser of a Note, (b) any holder of a Note

holding (together with one or more of its affiliates) more than 3% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"**NAIC**" means the National Association of Insurance Commissioners or any successor thereto.

"**Related Fund**" means, with respect to any holder of any Note, any fund or entity that (i) invests in securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"**SVO**" means the Securities Valuation Office of the NAIC or any successor to such Office.

4. Representations and Warranties of the Company. The Company hereby represents and warrants that the Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware. The Company has all requisite limited liability company power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Note Agreement as amended hereby. The execution and delivery by the Company of this Amendment and the performance by the Company of its obligations under this Amendment and the Note Agreement as amended hereby have been duly authorized by all requisite limited liability company action on the part of the Company. The Company has duly executed and delivered this Amendment, and this Amendment and the Note Agreement as amended hereby constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

5. Conditions to Effectiveness. This Amendment shall become effective, as of the date first written above (the "**Effective Date**"), when the undersigned holders of Notes shall have received counterpart(s) of this Amendment and a Financial Advisor Fee, Indemnification and Confidentiality Letter between the Company and the financial advisor retained by special counsel to the holders of the Notes, each in form and substance satisfactory to such holders, in their sole discretion, in each case duly executed and delivered by the Company and each of the other parties thereto:

6. Miscellaneous.

(a) References to Note Agreement. Upon and after the date of this Amendment, each reference to the Note Agreement in the Note Agreement, the Guaranty Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Note Agreement, the Guaranty Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Company agrees to pay promptly, or to cause the Guarantor to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Guarantor Consent. Notwithstanding that such consent is not required under the Guaranty Agreement, the Guarantor consents to the execution and delivery of this Amendment by the parties hereto. As a material inducement to the undersigned holders of Notes to amend the Note Agreement, the Guarantor (i) acknowledges and confirms the continuing existence, validity and effectiveness of the Guaranty Agreement and (ii) agrees that the execution, delivery and performance of this Amendment shall not in any way release, diminish, impair, reduce or otherwise affect its obligations under the Guaranty Agreement.

(g) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[The remainder of this page is intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ST. LOUIS POST-DISPATCH LLC

By: /s/ Carl G. Schmidt
Name: CARL G. SCHMIDT
Title: PULITZER INC.
MANAGING MEMBER

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Brian Lemons
Vice-President WHB

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Advisor

By: /s/ Richard Conway
Name: Richard Conway
Title: Managing Director

AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Sub-Advisor

By: /s/ Richard Conway
Name: Richard Conway
Title: Managing Director

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
(as Successor by Merger to First Colony Insurance Company)

By: /s/ Stephen De Motto
Name: Stephen De Motto
Title: Investment Officer

Signature page to Amendment No. 3 to Note Agreement

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Howard Stern
Name: Howard Stern
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, for its Group Annuity Separate Account

By: /s/ Howard Stern
Name: Howard Stern
Its Authorized Representative

PACIFIC LIFE INSURANCE COMPANY

By: /s/ Diane W. Dales
Name: Diane W. Dales
Title: Assistant Vice President

By: /s/ Peter S. Fiek
Name: Peter S. Fiek
Title: Assistant Secretary

Agreed and acknowledged for the purposes specified in Section 6(f).

PULITZER INC.

By: /s/ Carl G. Schmidt
Name: Carl G. Schmidt
Title: Treasurer

Signature page to Amendment No. 3 to Note Agreement

Exhibit 10.16

LIMITED WAIVER TO NOTE AGREEMENT AND GUARANTY AGREEMENT

THIS LIMITED WAIVER TO NOTE AGREEMENT AND GUARANTY AGREEMENT (this "**Limited Waiver**") is entered into as of December 26, 2008 by and among ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "**Company**"), PULITZER INC., a Delaware corporation (the "**Guarantor**"), and the undersigned holders of Notes (as hereinafter defined).

Recitals

A. The Company entered into that certain Note Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Note Agreement dated as of November 23, 2004, by Amendment No. 2 to Note Agreement dated as of February 1, 2006, and by Amendment No. 3 to Note Agreement dated as of November 19, 2008 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**"), with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers the Company's 8.05% Senior Notes due April 28, 2009, in the aggregate principal amount of $306,000,000 (together with any such promissory notes that may have been issued in substitution or exchange therefor prior to the date hereof, the "**Notes**").

B. In connection with the Note Agreement, the Guarantor entered into that certain Guaranty Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty Agreement**").

C. As of the Effective Date (as hereinafter defined), the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Limited Waiver.

D. The Company and the Guarantor have informed the holders of the Notes that the Guarantor may be in default of (a) Section 4.1(ii) of the Guaranty Agreement and the Company may be in default of paragraph 5A(ii) of the Note Agreement, in each case in the event (I) the independent public accountants' audit opinion in respect of the Guarantor's and Lee's fiscal year ended September 28, 2008 contains a "going concern qualification" as a result of the Notes being treated as current obligations on the Guarantor's and the Company's consolidated balance sheets and/or the financing arrangements under the Amended and Restated Credit Agreement, dated as of December 21, 2005, among Lee and the various agents and lenders party thereto (as the same has been amended to date and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Lee Credit Agreement**") and the Notes or (II) the Guarantor fails to deliver the audited annual financial statements of the Guarantor and its Subsidiaries and related compliance certificates and independent accountants' "no default" certificates required to be delivered pursuant to Section 4.1 of the Guaranty Agreement and paragraph 5A of the Note Agreement within 90 days after the end of the Guarantor's and Lee's fiscal year ended September 28, 2008, and (b) Section 5.1(ii) of the Guaranty Agreement in the event that Consolidated Net Worth (as defined in the Guaranty Agreement) does not meet the requirements of said Section as of the last day of the Guarantor's fiscal quarters ended September 28, 2008 and December 28, 2008.

E. The holders of the Notes have verbally alleged, and the Company and the Guarantor have disputed, that the Company and the Guarantor may be in default of (a) certain provisions of Section 5.2 of the Guaranty Agreement as a result of the subordination by the Guarantor of certain obligations of Lee and/or its affiliates owed to the Guarantor, (b) clauses (v) and (xxii) of Section 5.4 of the Guaranty Agreement in the event the aggregate amounts of loans, advances and investments of the types described in such clauses made by the Guarantor and its Subsidiaries, including without limitation loans, advances and investments to Affiliates (other than the Guarantor and its Subsidiaries), exceed the respective amounts permitted by such clauses as of the end of the Guarantor's fiscal quarter ended September 28, 2008, and (c) Section 5.8 of the Guaranty Agreement and paragraph 6C(7) of Note Agreement in the event that the loans, advances and investments by the Guarantor and its Subsidiaries to Affiliates (other than the Guarantor and its Subsidiaries) do not satisfy the requirements of said Section and paragraph (the events in this Recital E, together with the events in Recital D above, being the "**Specified Events of Default**").

F. The Company and the Guarantor have requested, and the holders of the Notes have agreed, subject to the terms and conditions of this Limited Waiver, to waive the Specified Events of Default.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

2. **Waivers**. Notwithstanding anything to the contrary contained in the Note Agreement or the Guaranty Agreement, the holders of the Notes hereby waive the Specified Events of Default so long as no other Default or Event of Default exists (or hereafter arises) under the Note Agreement (including, without limitation, Defaults and Events of Default that constitute Guaranty Defaults or Guaranty Events of Default, respectively); provided that such waiver of the Specified Events of Default shall cease to be of any force or effect (v) on January 16, 2009 (the **"Waiver Termination Date"**), (w) if at any time on or after the Effective Date (as hereinafter defined) and prior to the Waiver Termination Date, (i) Consolidated Net Worth (as defined in the Guaranty Agreement) is reduced by the making of any dividend, distribution or other payment in respect of equity interests, or any transfer of property of any nature (other than property in the form of cash payments in respect of accounts payable incurred in the ordinary course of business consistent with past practices), by the Guarantor or any of its Subsidiaries to any Affiliate (other than the Guarantor and its Subsidiaries) or by the forgiveness of an account or loan payable by an Affiliate (other than the Guarantor and its Subsidiaries) or the conversion thereof into equity, (ii) the Guarantor or any of its Subsidiaries incurs, assumes or otherwise becomes liable with respect to any Debt in excess of $1,000,000 in the aggregate, or (iii) the Guarantor or any of its Subsidiaries enters into any transaction with an Affiliate (other than the Guarantor and its Subsidiaries), at which time (in the case of each of the foregoing clauses (i)-(iii))

each Specified Event of Default then existing under the Note Agreement or the Guaranty Agreement will constitute an immediate Event of Default under the Note Agreement without regard to this Limited Waiver, (x) if at any time on or after the date hereof and prior to the Waiver Termination Date, a Default or an Event of Default (other than the Specified Events of Default) exists under the Note Agreement (including, without limitation, Defaults and Events of Default that constitute Guaranty Defaults or Guaranty Events of Default, respectively), at which time each Specified Event of Default then existing under the Note Agreement will constitute an immediate Event of Default under the Note Agreement without regard to this Limited Waiver, (y) if at any time on or after the date hereof and prior to the Waiver Termination Date, the Administrative Agent (as defined in the Lee Credit Agreement) shall give notice of an Event of Default under the Lee Credit Agreement, Lee shall notify the Administrative Agent of an Event of Default under the Lee Credit Agreement, the Second Waiver to Credit Agreement relating to the Lee Credit Agreement shall terminate or any of the lenders or agents under the Lee Credit Agreement shall take any action to enforce their rights or remedies under the Lee Credit Agreement or any other Credit Document (as defined in the Lee Credit Agreement) or applicable law (and by their execution of this Limited Waiver, each of the Guarantor and the Company agrees to notify the holders of the Notes immediately if any of the foregoing matters described in this clause (y) shall occur or exist and Lee shall have knowledge thereof), at which time each Specified Event of Default then existing under the Note Agreement or the Guaranty Agreement will constitute an immediate Event of Default under the Note Agreement without regard to this Limited Waiver, and (z) on January 5, 2009, if the Company and the Guarantor fail to deliver, on or prior to such date, preliminary audited annual financial statements and a preliminary related compliance certificate required to be delivered pursuant to paragraph 5A of the Note Agreement and Section 4.1 of the Guaranty Agreement in respect of the fiscal year of the Guarantor ended September 28, 2008 (although said audited financial statements may have a “going concern” qualification to the extent provided above in this Limited Waiver), at which time each Specified Event of Default then existing under the Note Agreement or the Guaranty Agreement will constitute an immediate Event of Default under the Note Agreement without regard to this Limited Waiver.

3. Certain Inducements to Holders of Notes. In order to induce the holders of the Notes to grant the limited waivers set forth above, and notwithstanding anything to the contrary contained in the Note Agreement or the Guaranty Agreement, during the period from December 15, 2008 until such time as the Required Holders otherwise agree in writing:

(i) neither the Guarantor nor any of its Subsidiaries shall be permitted to pay any fee to the holders of the obligations under the Lee Credit Agreement (or any agent or advisor in respect thereof) in connection with any amendment, modification, change or waiver of, or forbearance with respect to, any term or provision of the Lee Credit Agreement or any other Credit Document (as defined in the Lee Credit Agreement);

(ii) without limiting the obligations of the Company under the Note Agreement or the Guarantor under the Guaranty Agreement, the Company hereby agrees that it shall pay all reasonable fees and disbursements of (a) counsel to the holders of the Notes (including, without limitation, Baker Botts L.L.P. and other special counsel to the holders of the Notes) within five Business Days (except in the case of the initial fees and disbursements payable in the form of a retainer under Section 7(b)(ii) of this Limited Waiver, the payment of

which is a condition precedent to the effectiveness of this Limited Waiver) after the receipt of any invoice evidencing any such fees or disbursements, and (b) Conway, Del Genio, Gries &Co., LLC (**"CDG"**) on the terms set forth in that certain Financial Advisor Fee, Indemnification and Confidentiality Letter, dated as of November 19, 2008, from the Company to CDG and the holders of the Notes;

(iii) the Company and Guarantor hereby confirm and agree that they shall (x) at the request of the Required Holders, cause the Company's and the Guarantor's senior management, and use their commercially reasonable efforts to cause Lee's, the Company's and the Guarantor's financial and legal advisors, to (I) discuss (telephonically), on not less than a bi-weekly basis during regular business hours and for reasonable durational periods, with the Note holders, their legal and financial advisors, among other things, the ongoing financial performance and operations, liquidity and progress with respect to any asset sale, merger, consolidation or other business combination, equity infusion, change of control transaction or restructuring plan or similar proposal with respect to the Lee and its Subsidiaries, in each case having a fair market value or transaction value in excess of $5,000,000 (each, a "Proposed Transaction"), and (II) provide CDG and its personnel with access to certain books, records, reports and other information of Lee and its Subsidiaries at reasonable times and locations, in each case to the extent reasonably requested by CDG and to otherwise reasonably cooperate with CDG and its personnel in connection with its analysis of Lee and its Subsidiaries and of the Guarantor and its Subsidiaries, (y) promptly deliver (and in any event, within two Business Days after receipt thereof by Lee, the Company or the Guarantor) to the holders of the Notes each letter of intent, commitment letter, term sheet, memorandum of understanding or similar indication of interest or other agreement, document or correspondence received by Lee, the Company or the Guarantor or their respective financial or legal advisors with respect to any Proposed Transaction involving Lee, the Company, the Guarantor or any of their respective Subsidiaries, and (z) at the same time, in the same degree of detail and in the same manner in which notice thereof is provided by or on behalf of Lee to the Administrative Agent under the Lee Credit Agreement, provide notice to the holders of the Notes of the existence of discussions, or material developments, relating to any Proposed Transaction;

(iv) the Guarantor hereby confirms and agrees that, from and after the Effective Date (as hereinafter defined), it shall deliver to the holders of the Notes, by no later than the first Business Day of each other week (beginning on January 5, 2009), a forecast for the succeeding 13-week period of the projected consolidated cash flows of Lee and its Subsidiaries taken as a whole, together with a variance report of actual cash flows for the immediately preceding period for which a forecast was delivered against the then current forecast for such preceding period;

(v) the Guarantor hereby confirms and agrees that it shall deliver to the holders of the Notes, from and after the Effective Date (as hereinafter defined), (i) detailed preliminary monthly financial information of Lee and its Subsidiaries, in substantially the form previously furnished to CDG, by no later than the tenth Business Day after the end of each fiscal period, beginning with the fiscal period ending December 28, 2008, and (ii) management's monthly "flash report" for Lee and its Subsidiaries, in substantially the form previously furnished to CDG, by no later than two Business Days after such report is available to the management of Lee;

(vi) the Company and the Guarantor hereby confirm and agree that their and their Subsidiaries' participation in the daily cash management system of Lee and its Subsidiaries shall be in accordance with past practices in the ordinary course of business (it being understood that this clause (vi) shall not constitute a validation or acceptance by the holders of the Notes of such system and practices, or the consequences thereof, for any purpose under the Note Agreement or the Guaranty Agreement or have any effect upon the subject matter or interpretation of any Specified Event of Default) and will not permit or acquiesce in any change in such participation or system that, individually or in the aggregate, would be adverse to the interests of the holders of the Notes;

(vii) the Company and the Guarantor hereby confirm and agree that it shall promptly deliver to the holders of the Notes any notices from Herald or any lenders (or agents therefor) under the Lee Credit Agreement in connection with any action to enforce their rights or remedies under any of the PD LLC Operating Agreement, the Credit Documents (as defined in the Lee Credit Agreement) or applicable law; and

(viii) the Company and the Guarantor hereby further acknowledge and agree that each of the covenants set forth above in clauses (i), (ii), (vi) and (vii) of this Section 3 shall constitute a covenant for purposes of the Note Agreement and the Guaranty Agreement (including for the purposes of paragraph 7A(iv) of the Note Agreement and Section 6.1(iii) of the Guaranty Agreement).

4. No Waiver of Other Defaults. The parties hereto hereby acknowledge and agree that (a) the holders of the Notes have not waived any existing or future Defaults or Events of Default under the Note Agreement (including, without limitation, Guaranty Defaults or Guaranty Events of Default) or the Guaranty Agreement (other than, in each case, the Specified Events of Default on the terms provided for herein), and (b) no course of dealing shall be deemed to be established as a consequence of the holders of the Notes agreeing to waive the Specified Events of Default as provided in this Limited Waiver.

5. Representations and Warranties. In order to induce the holders of the Notes to enter into this Limited Waiver, the Company and the Guarantor hereby represent and warrant that (i) no Default, Event of Default, Guaranty Default or Guaranty Event of Default exists as of the Effective Date (as defined below), immediately after giving effect to this Limited Waiver on such date, (ii) this Limited Waiver has been duly authorized by all necessary action on the part of the Company and the Guarantor, has been duly executed and delivered by the Company and the Guarantor and constitutes a legal, valid and binding obligation of the Company and the Guarantor, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, (iii) the Note Agreement (as modified hereby), the Notes and the Guaranty Agreement (as modified hereby), and all obligations thereunder, are valid and enforceable against the Company and the Guarantor in every respect and all of the terms and conditions thereof are legally binding upon the Company and the Guarantor, in each case all without offset, counterclaims or defenses of any kind, and (iv) from September 28, 2008 to the Effective Date (as hereinafter defined), the Company's, the Guarantor's and their respective Subsidiaries' participation in the daily cash management system of Lee and its Subsidiaries has

been conducted in accordance with past practices in the ordinary course of business, and there has been no change in such participation or system that, individually or in the aggregate, has been adverse to the interests of the holders of the Notes.

6. Releases. In further consideration of the Note holders' execution of this Limited Waiver, the Company and the Guarantor unconditionally and irrevocably acquit and fully forever release and discharge each holder of a Note and all affiliates, partners, subsidiaries, officers, employees, agents, attorneys, financial advisors, principals, directors and shareholders of such Persons, and their respective heirs, legal representatives, successors and assigns (collectively, the "**Releasees**") from any and all claims, demands, causes of action, obligations, remedies, suits, damages and liabilities of any nature whatsoever, whether now known, suspected or claimed, whether arising under common law, in equity or under statute, which the Company or the Guarantor ever had or now has against any of the Releasees and which may have arisen at any time prior to the date hereof and which were in any manner related to this Limited Waiver, the Notes, the Note Agreement, the Guaranty Agreement or related documents, instruments or agreements or the enforcement or attempted or threatened enforcement by any of the Releasees of any of their respective rights, remedies or recourse related thereto (collectively, the "**Released Claims**"). Each of the Company and the Guarantor covenants and agrees never to commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against any of the Releasees any action or other proceeding based upon any of the Released Claims.

7. Conditions to Effectiveness. This Limited Waiver shall become effective, as of the date first written above (the "**Effective Date**"), when:

(a) the Company, the Guarantor and the Required Holders shall have signed a counterpart hereof (whether the same or separate counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to Baker Botts L.L.P., 2001 Ross Avenue, Suite 600, Dallas, TX 75201, Attention: Rick Goyne (facsimile number: 214-953-6527/ e-mail address: rick.goyne@bakerbotts.com); and

(b) the Company shall have paid (i) to the holders of the Notes all fees, costs and expenses (including, without limitation, legal fees and expenses of Baker Botts L.L.P. and other special counsel to the holders of the Notes and financial advisor fees and expenses) payable to the holders of the Notes to the extent then due, and (ii) to Baker Botts L.L.P. and other special counsel for the holders of the Notes $150,000 in the aggregate as a retainer (it being understood and agreed that such retainer shall be an "evergreen" retainer and shall not be deemed to be a "cap" on the costs, fees and expenses and that the receipt of such retainer shall not limit the rights and remedies of the holders of the Notes, or the obligations of the Company or the Guarantor under paragraph 11A of the Note Agreement or Section 3 of this Limited Waiver).

8. Waiver Fee. The Company hereby covenants and agrees that, so long as the Effective Date occurs, it shall pay to each holder of a Note (and as required by paragraph 11C of the Note Agreement, whether or not such holder executes and delivers a counterpart hereof), its pro rata portion of a non-refundable cash fee (the "**Waiver Fee**") in Dollars in an amount equal to 7.5 basis points (0.075%) on the amount of $306,000,000. The Waiver Fee shall not be subject to counterclaim or set-off, or be otherwise affected by, any claim or dispute relating to any other matter.

9. Miscellaneous.

(a) References to Note Agreement and Guaranty Agreement. Upon and after the date of this Limited Waiver, each reference to the Note Agreement or the Guaranty Agreement in the Note Agreement, the Guaranty Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Note Agreement or the Guaranty Agreement as modified by this Limited Waiver.

(b) Ratification and Confirmation. Except as specifically modified herein, the Note Agreement and the Guaranty Agreement shall remain in full force and effect, and are hereby ratified and confirmed.

(c) No Waiver. Except as expressly provided herein, the execution, delivery and effectiveness of this Limited Waiver shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Note Agreement, the Guaranty Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) CDG Engagement. Nothing in this Limited Waiver shall affect the rights of CDG or the holders of the Notes, or the obligations of the Company and the Guarantor, under the Financial Advisor Fee, Indemnification and Confidentiality Letter, dated as of November 19, 2008, from the Company to CDG and the holders of the Notes.

(e) **GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.**

(f) Counterparts. This Limited Waiver may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Limited Waiver may be made by facsimile transmission of a duly executed counterpart copy hereof.

[The remainder of this page is intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Limited Waiver to be executed and delivered by their duly authorized officers as of the date first above written.

ST. LOUIS POST-DISPATCH LLC

By: PULITZER INC., as Managing Member

By: /s/ Carl G. Schmidt
Name: Carl G. Schmidt
Title: Treasurer

PULITZER INC.

By: /s/ Carl G. Schmidt
Name: Carl G. Schmidt
Title: Treasurer

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Paul H. Procyk
Name: Paul H. Procyk
Title: Vice President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Advisor

By: /s/ Richard Conway
Name: Richard Conway
Title: Managing Director

AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Sub-Advisor

By: /s/ Richard Conway
Name: Richard Conway
Title: Managing Director

Signature page to Limited Waiver to Note Agreement and Guaranty Agreement

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Richard A. Strait
Name: Richard A. Strait
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, for its Group Annuity Separate Account

By: /s/ Richard A. Strait
Name: Richard A. Strait
Its Authorized Representative

PACIFIC LIFE INSURANCE COMPANY

By: /s/ Cathy Schwartz
Name: Cathy Schwartz
Title: Assistant Vice President

By: /s/ Peter S. Fiek
Name: Peter S. Fiek
Title: Assistant Secretary

Signature page to Limited Waiver to Note Agreement and Guaranty Agreement

Exhibit 10.18

AMENDMENT NO. 4 TO GUARANTY AGREEMENT

THIS AMENDMENT NO. 4 TO GUARANTY AGREEMENT, dated as of February 1, 2006 (this "**Amendment**"), is entered into by PULITZER INC., a Delaware corporation (the "**Guarantor**"), in favor of the holders from time to time of the Notes issued under the below- described Note Agreement.

Recitals

A. St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "**Company**"), entered into that certain Note Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**") with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers $306,000,000 aggregate principal amount of the Company's 8.05% Senior Notes due April 28, 2009 (together with any other notes issued in substitution or exchange therefor pursuant to the terms of the Note Agreement, the "**Notes**").

B. In connection with the Note Agreement, the Guarantor executed and delivered that certain Guaranty Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Guaranty Agreement dated as of August 7, 2000, Amendment No. 2 to Guaranty Agreement dated as of November 23, 2004 and Amendment No. 3 to Guaranty Agreement dated as of June 2005 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty**").

C. The Guarantor was acquired by Lee Enterprises, Incorporated, a Delaware corporation ("**Lee**"), on June 3, 2005.

D. As of the date first above written, the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

E. The Guarantor desires to make certain amendments and modifications to the Guaranty, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Guaranty.

2. Amendment to Paragraph 1.1 (Defined Terms). Section 1.1 of the Guaranty is amended by adding the following new definition in the appropriate alphabetical position therein:

""**Lee**" shall mean Lee Enterprises, Incorporated, a Delaware corporation."

3. Amendments to Section 4.1 (Financial Statements).

(a) Clause (i) of Section 4.1 of the Guaranty is amended by deleting such clause in its entirety and replacing it with the following:

"(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year of Lee, a consolidating and consolidated statement of income and a consolidated statement of cash flows of the Guarantor and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year (if applicable, in the case of the Company and its Subsidiaries), all in reasonable detail and certified by an authorized financial officer of Lee, subject to changes resulting from year-end adjustments;"

(b) Clause (ii) of Section 4.1 of the Guaranty is amended by deleting such clause in its entirety and replacing it with the following:

"(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year of Lee, a consolidating and consolidated statement of income and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries as at the end of such year and consolidated statements of cash flows and stockholders' equity of the Guarantor and its Subsidiaries for such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to the Required Holder(s) and, as to the consolidated statements, audited by independent public accountants of recognized standing selected by the Guarantor whose opinion shall be in scope and substance satisfactory to the Required Holder(s) and, as to the consolidating statements, certified by an authorized financial officer of Lee;"

4. Representations and Warranties. The Guarantor represents and warrants as follows:

(a) Organization; Power and Authority; Enforceability. The Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Guaranty as amended hereby. The execution and delivery by the Guarantor of this Amendment and the performance by the Guarantor of its obligations under this Amendment and the Guaranty as amended hereby have been duly authorized by all requisite corporate action on the part of the Guarantor. The Guarantor has duly executed and delivered this Amendment, and this Amendment and the Guaranty as amended hereby constitute the legal, valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since December 26, 2004, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty as amended hereby or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of the Guaranty, the Note Agreement or the Notes.

The effectiveness of this Amendment is conditioned upon (i) the written consent of the Required Holder(s), as evidenced by such holders' execution of this Amendment where indicated below, and (ii) the accuracy of each of the foregoing representations and warranties of the Guarantor.

5. Miscellaneous.

(a) References to Guaranty. Upon and after the date of this Amendment, each reference to the Guaranty in the Guaranty, the Note Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Guaranty as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Guaranty shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Guaranty, the Note Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Guarantor agrees to pay promptly, or to cause the Company to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by telecopy or electronic transmission of a duly executed counterpart copy hereof; provided that any such delivery by electronic transmission shall be effective only if transmitted in .pdf format, .tif format or other format in which the text is not readily modifiable by any recipient thereof.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written to become effective (subject to the last sentence of Section 4 hereof) as of such date.

GUARANTOR:

PULITZER INC.

By: /S/ CARL G. SCHMIDT
Name: CARL G. SCHMIDT
Title: TREASURER

NOTE HOLDERS (To evidence consent to the amendment hereby of the Guaranty):

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Brian Lemons
Vice President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY
AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., investment advisor

By: /s/ Peter DeFazio
Name: Peter DeFazio
Title: Vice President

Signature Page to Amendment No. 4 to Guaranty Agreement

FIRST COLONY LIFE INSURANCE COMPANY

By: /s/ John R. Endres
Name: John R. Endres
Title: Investment Officer

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Howard Stern
Name: Howard Stern
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY for its Group Annuity Separate Account

By: Northwestern Investment Management Company

By: /s/ Howard Stern
Name: Howard Stern
Its Managing Director

PACIFIC LIFE INSURANCE COMPANY

By: /s/ Cathy L. Schwartz
Name: Cathy L. Schwartz
Title: Assistant Vice President

By: /s/ Diane W. Dales
Name: Diane W. Dales
Title: Assistant Secretary

Signature Page to Amendment No. 4 to Guaranty Agreement

Exhibit 10.25

LEE ENTERPRISES, INCORPORATED
SUPPLEMENTARY BENEFIT PLAN
Amended and Restated as of January 1, 2008

ARTICLE I
Establishment of Plan

1.1 Establishment of Plan. Lee Enterprises, Incorporated (the "Company") established the Lee Enterprises, Incorporated Supplementary Benefit Plan (the "Plan"), effective July 1, 1980. The Plan was amended and restated effective April 26, 1990. The Plan was initially amended and restated, effective January 1, 2005, in order to comply with the requirements of Internal Revenue Code section 409A. The Plan is, again, hereby amended and restated, effective January 1, 2008, in order to ensure continued compliance with the requirements of Internal Revenue Code section 409A.

1.2 Purpose. The purpose of the Plan is to provide certain designated managerial and highly compensated employees with unfunded, supplemental individual account retirement savings in excess of the amounts provided under the Lee Enterprises, Incorporated Employees' Retirement Account Plan. The Plan is not intended to be, nor shall it be considered, an "excess benefit plan" within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), but it is intended to be, and shall be administered as, an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201(2), 301(a)(3) and 401 of ERISA.

ARTICLE II
Definitions

Whenever used in the Plan, the following terms when capitalized have the following meanings unless a different meaning is plainly required by the context. In addition, defined terms used in the Employees' Retirement Account Plan have the same meaning for purposes of the Plan, unless a different meaning is plainly required by the context:

2.1 "Account" means the individual account established and maintained by the Plan Administrator or its delegate in the name of a Participant and to which Employee Contributions, Matching Contributions, Profit Sharing Contributions, and gains and losses are allocated.

2.1A "Additional SERP Employee Contributions" means an Employee Contribution equal to that as elected by the Participant on a valid Additional SERP Employee Contribution Deferral Agreement, but in no event more than 45% of the Participant's Compensation.

2.1B "Additional SERP Employee Contributions Deferral Agreement" means a valid Deferral Agreement with respect to Participant's election to defer Additional SERP Employee Contributions.

2.2 "Beneficiary" means the person or persons designated as a Participant's Beneficiary under Article VII and, unless clearly inappropriate in the context, an alternate payee under a QDRO, pursuant to Section 13.2(b) of the Plan.

2.2A “Benefit Election Form” means the form provided by the Employer to an Eligible Employee to be used by such Eligible Employee to elect a time and form of payment with respect to any Contributions made to his or her Account under this Plan.

2.3 “Board of Directors” means the Board of Directors of the Employer or any successor by merger, purchase or otherwise, or any person or persons to whom authority to act on behalf of such Board has been granted.

2.4 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.4A “Code Section 409A” means Code section 409A and any regulations or other administrative guidance issued thereunder.

2.5 “Committee” means the Executive Compensation Committee of the Board of Directors, or a person or entity to which it delegates any of its responsibilities hereunder.

2.6 “Company” means Lee Enterprises, Incorporated and its designated affiliates.

2.7 “Compensation” means, with respect to Participants who are officers or managerial employees of the Company, Compensation as defined in Section 1.13 of the Retirement Account Plan, as amended from time to time, but disregarding references in that section to the limitations imposed by Code section 401(a)(17).

2.7A “Contributions” means contributions to the Plan as provided in Section 4.1.

2.7B “Controlled Group” means any entity within the 80-percent controlled group within which the Company is also included, as determined under Treas. Reg. §1.409A-(1)(g).

2.8 “Deferral Agreement” means a written agreement, made on a form designated by the Company, between an Eligible Employee and the Employer, whether entered into before or after the Eligible Employee became an Employee, under which the Eligible Employee agrees to defer Compensation in excess of the contribution limits provided under the Retirement Account Plan.

2.9 “Effective Date” means January 1, 2005.

2.10 “Eligible Employee” means an Employee designated as by the Company pursuant to Section 3.1 of the Plan.

2.11 “Employee” means an Employee as defined in Section 1.26 of the Retirement Account Plan.

2.12 “Employee Contributions” means allocations to the Participant’s Account pursuant to Section 4.1(a) of the Plan.

2.13 "Employer" means Lee Enterprises, Incorporated and its designated affiliates who adopt the Plan.

2.13A "Excess Retirement Account Plan Contributions" means an Employee Contribution equal to the excess of (A) the amount that would have been allocated to the Participant's Account for a Plan Year under the terms of the Retirement Account Plan, if the Retirement Account Plan were administered without regard to the limitations in Code sections 401(a)(17), 402 and 415, but in no event more than 5% of the Participant's Compensation, OVER (B) the amount actually permitted to be allocated to a Participant's Retirement Account Plan Account (as such term is defined in the Retirement Account Plan) under Code sections 401, 402 and 415. With respect to a given Participant, once limitations in Code sections 401(a)(17), 402 or 415 have been reached in the Retirement Account Plan, Excess Retirement Account Plan Contributions shall automatically commence in this Plan unless the Participant's election with respect to the Retirement Account Plan is cancelled prior to the applicable calendar year.

2.13B "Master Benefits Database" means the written document maintained by the Employer containing all employer contributions payable with respect to the Employer's qualified and nonqualified retirement plans.

2.14 "Matching Contributions" means allocations to a Participant's Account pursuant to Section 4.1(b) of the Plan.

2.15 "Participant" means a participant as defined in Section 3.2 of the Plan.

2.16 "Plan" means the Lee Enterprises, Incorporated Supplementary Benefit Plan, as set forth herein, including any amendments thereto.

2.17 "Plan Administrator" means the Committee, as designated under Section 9.1 of the Plan.

2.18 "Plan Year" means the calendar year.

2.19 "Profit Sharing Contributions" means allocations to a Participant's Account under Sections 4.1(e) and (f) of the Plan.

2.20 "Retirement Account Plan" means the Lee Enterprises, Incorporated Employees' Retirement Account Plan, including any plans merged into it and any successor to it.

2.20A "Separation from Service" means termination of employment upon which a Participant ceases performing services for all entities within the Controlled Group. Notwithstanding, a Separation from Service shall also include a reduction in a Participant's rate of services to any such entity that is reasonably anticipated to be a permanent reduction to a rate that is 20 percent or less of the average rate of services performed by the Participant in the 36 months prior to such reduction. If a Participant ceases or reduces services under a bona fide leave of absence, a Separation from

Service occurs after the close of the 6-month anniversary of such leave; provided, however, that if the Participant has a statutory or contractual right to reemployment, the Separation from Service shall be delayed until the date that the Participant's right ceases or, if the Participant resumes services, until the Participant subsequently has a Separation from Service. For purposes of determining whether a Participant has a Separation from Service, services taken into account shall include services performed for the Company as an independent contractor but not services performed as a director of any entity within the Controlled Group. Determination of whether a Separation from Service occurs shall be made in a manner that is consistent with Treas. Reg. §1.409A-1(h).

2.20B "Specified Employee" means a Participant who is reasonably determined to a be a "specified employee" within the meaning of Code section 409A(a)(2)(B)(i) as of December 31 of a calendar year and who shall be treated as such for the 12-month period beginning the next April 1 and for twelve calendar months thereafter.

2.21 "Social Security Wage Base" means the level at which Compensation is not subject to Social Security taxes pursuant to Code section 3121(a)(1).

ARTICLE III
Eligibility and Participation

3.1 Eligibility. Each individual who is designated as an Eligible Employee will be eligible to become a Participant if he or she is an active participant under the terms of the Retirement Account Plan and is selected to be a Participant in this Plan as a member of a select group of managerial or highly compensated employees.

3.2 Participation. An individual who is designated as an Eligible Employee and who satisfies the requirements of Section 3.1 above will become a Participant in the Plan when the Committee receives the Participant's initial Benefit Election Form. Any individual with an Account in this Plan as of January 1, 2005 shall automatically become a Participant in this Plan.

3.3 Initial Deferral Elections and Benefit Election Forms.

(a) Regarding Initial Deferral Elections.

An Eligible Employee is not required to complete a separate Deferral Agreement in order to defer Excess Retirement Account Plan Contributions into this Plan. The Account of an Eligible Employee shall be credited on a payroll period basis with Excess Retirement Account Plan Contributions to the extent thereof.

In order to defer Compensation into this Plan as Additional SERP Employee Contributions, a Participant must make a deferral election by executing and filing an Additional SERP Employee Contributions Deferral Agreement with the Company by December 15th of the year prior to the year in which the Compensation will be earned. In the case of a new Participant, an election to

defer Compensation into the Plan as Excess Retirement Account Plan Contributions must be filed with the Company within 30 days of the individual first becoming eligible to participate in the Plan and shall only apply to Compensation earned after the date of such election. A Participant's election to defer a certain percentage of Compensation as Additional SERP Employee Contributions shall be irrevocable during any calendar year in which it is in effect. If a Participant allows a previous deferral election to remain in effect, then the Participant's election for subsequently earned Compensation shall be considered made and irrevocable on the December 31st preceding the year in which the applicable Compensation will be earned.

(b) Regarding Benefit Election Forms. All Eligible Employees shall at the time of becoming an Eligible Employee complete a Benefit Election Form that shall govern the time and form of distribution of his or her Account, if any, under this Plan. Notwithstanding the immediately preceding sentence, to the extent that an Eligible Employee fails to complete a Benefit Election Form as otherwise required by the immediately preceding sentence, such Eligible Employee shall be required to complete a Benefit Election Form at time of completing his or her first Deferral Agreement. A Participant is not entitled to change a valid, existing Benefit Election Form, except as otherwise provided for in Sections 6.3 and 6.6 of the Plan.

(c) The following forms of distribution are available to Participants under this Plan:

(i) A single lump sum.

(ii) 50% of the Participant's Account balance will be paid in a lump sum and the remaining 50% of the Participant's Account balance will be paid in an installment payable on the first day of the thirteenth month following the lump sum payment. The installment described in this paragraph (ii) shall be treated as separate payment for the purposes of Section 6.3 of the Plan.

(iii) Annual installment payments up to but not exceeding 15 payments. Annual installment payments described in this paragraph (iii) shall not be treated as separate payments for the purposes of Section 6.3 of the Plan and no more than one annual installment may be paid in any given calendar year. The amount of each annual payment shall be determined by dividing the Participant's Account at the end of the month prior to such payment by the number of years remaining in the elected installment period.

ARTICLE IV
Supplementary Plan Benefit

4.1 Contributions.

(a) Employee Contributions. The Participant's Employee Contribution into this Plan shall equal the sum of:

(i) the Participant's Excess Retirement Account Plan Contributions; AND

(ii) the Participant's Additional SERP Employee Contributions.

Notwithstanding anything to the contrary contained herein, a Participant may defer no more than 50% of his or her Compensation between the Retirement Account Plan and this Plan.

(b) Matching Contributions Prior to December 2, 2008. The Account of a Participant shall be credited on a payroll period basis with an amount equal to 100% of the Participant's Excess Retirement Account Plan Contributions into this Plan up to a total of 5% of the Participant's Compensation for the year once limitations in Code sections 401(a)(17), 402 or 415 have been reached in the Retirement Account Plan. The preceding sentence shall only apply to Excess Retirement Account Plan Contributions made to this Plan prior to December 2, 2008.

(c) Matching Contributions On or After December 2, 2008. With respect to Compensation paid on or after December 2, 2008, the Account of a Participant shall be credited on a payroll period basis with an amount equal to a stated percentage of the Participant's Excess Retirement Account Plan Contributions into this Plan, up to certain maximums, as provided for by the Master Benefits Database, which is incorporated herein by reference

(d) Profit Sharing Contributions Prior to December 2, 2008. The Account of an Eligible Participant shall be credited on a payroll period basis with a nondiscretionary Profit Sharing Contribution in an amount equal to 4.96% of the Participant's Compensation up to the Social Security Wage Base; provided that for any Compensation the Participant earns in excess of the Social Security Wage Base, the Company shall credit an amount equal to 9.52% of the Participant's excess Compensation once limitations in Code sections 401(a)(17), 402 or 415 have been reached in the Retirement Account Plan. The preceding sentence shall only be effective with respect to Compensation paid prior to December 2, 2008.

(e) Profit sharing Contributions On or After December 2, 2008. With respect to Compensation paid on or after December 2, 2008, the Account of an Eligible shall be credited on a payroll period basis with a nondiscretionary Profit Sharing Contribution equal to the amount as provided for by the Master Benefits Database.

4.2 Investments; Investment Earnings. Each Participant may elect to invest his Account under this Plan in the investment options made available by the Committee from time to time. A Participant's investment elections under this Plan shall be independent of his investment elections under the Retirement Account Plan. A Participant's Account shall be credited (or debited) daily with the gains (or losses) applicable to the investment vehicle selected by the Participant pursuant to this Section 4.2. If a Participant fails to make an investment election with respect to his Account, his Account shall be invested in a default investment option designated by the Committee. A Participant's Account shall continue to be credited with investment gains (or losses) until the Participant's Account is fully distributed.

ARTICLE V
Vesting

5.1 General. A Participant shall be one hundred percent (100%) vested in Profit Sharing Contributions, Matching Contributions, and Employee Contributions made to the Plan on behalf of the Participant.

5.2 Forfeiture. Notwithstanding anything else to the contrary herein, the portion of a Participant's Account attributable to Matching Contributions and Profit Sharing Contributions (and earnings thereon) made on or after January 1, 2007 shall be forfeited, and no party, including the Beneficiary of a Participant, shall have any claim to any portion of it, if the Committee, in its sole discretion, determines, at the time the Participant or Beneficiary is entitled to receive a distribution under Article VI or, if later, at the time he or she becomes entitled to receive benefits under the Plan:

(a) That the Participant has violated the terms of any applicable employment or non-compete agreement;

(b) That the Participant's employment with the Employer has been terminated for any act of malfeasance or nonfeasance by the Participant in the performance of his or her duties; or

(c) That the Participant has taken actions, including but not limited to communication with clients, potential clients, employees or potential employees, designed to or reasonably likely to interfere with or damage the Employer's business.

ARTICLE VI
Distributions

6.1 Benefit Distributions. A Participant's Account or, where applicable, the Beneficiary's Account, shall be distributed in accordance with the Participant's current Benefit Election Form, pursuant to Section 3.3 of this Plan. Notwithstanding the preceding sentence, in the event a Participant fails to complete a valid Benefit Election Form, the Participant's Account or, where applicable, the Beneficiary's Account, (i) shall be distributed in the form described in Section 3.3(c)(ii) of this Plan, and (ii) such distribution shall commence on the first business day of the second month following the Participant's Separation from Service.

6.2 Death or Disability before Distribution. If a Participant becomes disabled or dies before his Account is fully distributed, the balance of the Account shall be distributed to the Participant or the Participant's Beneficiary at the same time and in the same manner as the payments would have been made to the Participant if the Participant had not become disabled or died.

6.3 Subsequent Change of Elections. A Participant may make a prospective election to change the time or form of distribution of the Participant's entire Account balance by executing such an election in writing (on a form prescribed by the Committee) within the time periods described in this Section 6.3. To constitute a valid election for purposes of this Section 6.3, (i) the election must specify the time and form of distribution selected by the Participant from the options specified in Section 3.3(c), (ii) the election must be executed and delivered to the Company at least 12 months prior to the date in which the first payment would otherwise have been due under the Participant's prior election, and (iii) the first payment must be delayed by at least 60 months from the date the first payment would otherwise have been due under the Participant's prior election. In the event an election fails to satisfy the terms of this Section 6.3, such election shall be void, and payment shall commence under the Participant's previous valid election or, if none exists, shall be paid in accordance with the default rules of Section 6.1 of this Plan.

6.4 Small Benefit Cash-Out. Notwithstanding the above, if the Account balance of a Participant who is entitled to begin payment equals $10,000 or less, the Participant's Account balance shall be paid in a single lump sum payment in full discharge of all liabilities with respect to such benefits. A distribution in accordance with the previous sentence shall be made on the first day of the second month following the Participant's Separation from Service.

6.5 Specified Employee Delay. Notwithstanding anything to the contrary, benefits paid by under this Plan reason of Separation from Service to a Participant who is reasonably determined by the Company to be a Specified Employee shall in no event commence before six (6) months following the month in which the Participant has a Separation from Service.

6.6 Other Changes In Distributions. Notwithstanding anything to the contrary contained herein, for periods prior to January 1, 2009, (or such later date as may be provided by the Internal Revenue Service in guidance of general applicability), an officer of the Company who is also a member of the Retirement Account Plan Committee may provide alternative rules for elections with respect to (i) the commencement of payment, and (ii) the form of payment, so long as such alternative rules and any resulting elections conform to the rules provided in Notice 2005-1, and subsequent Internal Revenue Service guidance providing transition relief under Code section 409A.

6.7 Special 2008 Transition Distribution. Notwithstanding anything to the contrary contained herein, all Participant Accounts existing on December 31, 2008, and any amounts contained therein, shall be distributed to Participants on January 15, 2009. Participants who receive distributions in accordance with this Section 6.7 will continue to be eligible to defer Compensation into the Plan. Unless a Participant completes a new Benefit Election Form regarding amounts to be contributed to this Plan in 2009 and thereafter, the Participant's Benefit Election Form, existing as of December 31, 2008, if any, shall continue to apply with respect to future deferrals under this Plan.

ARTICLE VII
Beneficiaries

7.1. Designation. Upon initial participation in the Plan, each Participant shall submit the form adopted by the Company, designating a Beneficiary or Beneficiaries (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon the Participant's death. A Participant may revoke or amend such designation at any time upon written notice to the Committee on a form authorized for such purpose and any such amendment or revocation shall be effective upon receipt and acceptance by the Committee.

7.2 Failure to Designate Beneficiary. If no Beneficiary survives the Participant or if a Beneficiary was never designated, any payments due to the Participant shall be paid in the following order: (i) to the Participant's surviving spouse, or if there is no surviving spouse, (ii) to the Participant's estate.

7.3 Distribution for Minor Beneficiary. If a distribution is to be made to a minor Beneficiary, then the Committee may, in its sole discretion, direct that such distribution be paid to the legal guardian of such Beneficiary, or if there is none, to a parent of such Beneficiary or to a responsible adult with whom the Beneficiary maintains his or her residence, or to the custodian for such Beneficiary under the Uniform Gifts to Minors Act or Gifts to Minors Act, if such is permitted by the laws of the state in which the Beneficiary resides. Such a payment to the legal guardian or parent of a minor Beneficiary shall fully discharge the Company and the Plan from further liability on account thereof.

ARTICLE VIII
Notice; Lost Participants and Beneficiaries

8.1 Notice. Any communication, statement or notice addressed to a Participant or to a Beneficiary at his or her last post office address as indicated on the Committee's records will be binding on the Participant or Beneficiary for all purposes of this Plan. Neither the Committee nor the Employer will be obligated to take any further measures to locate a Participant or Beneficiary.

8.2 Lost Participants and Beneficiaries.

(a) If the Committee or Employer notifies any Participant that he or she is entitled to an amount under the Plan, and the Participant or Beneficiary fails to claim such amount or fails to make her location known to the Committee or Employer within 5 years thereafter, then, except as otherwise required by law, the Employer or the Committee may direct that the amount payable be deemed a forfeiture.

(b) If a benefit payable to a lost Participant or Beneficiary is subject to escheat pursuant to applicable state law, neither the Committee nor the Employer will be liable to any person for any payment made in accordance with such law.

ARTICLE IX

Administration of the Plan

9.1 Committee as Plan Administrator. Except as otherwise expressly provided herein, the Plan Administrator will retain exclusive responsibility for the operation, administration and recordkeeping of the Plan. The Plan Administrator shall be the Committee.

9.2 Powers and Duties of the Committee. The Committee will undertake all duties assigned to it under the Plan and will undertake all actions, express or implied, necessary for the proper administration of the Plan. The Committee will have full and absolute discretion to interpret and administer the Plan and its interpretations and decisions will be final. The Committee's powers and duties include, but are not limited to, the following:

(a) Determining eligibility, Matching Contributions, Profit Sharing Contributions, and distributions under the Plan.

(b) Adopting, interpreting, altering, amending or revoking rules and regulations that it deems necessary or appropriate for the administration of the Plan in accordance with applicable law and other applicable policies.

(c) Interpreting the Plan, deciding all questions concerning the Plan in accordance with the terms of the Plan document, applicable law, contracts and policies and reviewing all claims under the Plan. Such interpretations and decisions will be made in the sole discretion of the Committee and will be final and conclusive on any Employee, former Employee, Participant, former Participant, Beneficiary, or other party. Notwithstanding the foregoing, it is intended that the Plan will be interpreted in accordance with Code section 409A.

(d) Keeping such records and submitting such filings, elections, applications, returns or forms as may be required under ERISA, the Code and regulations thereunder, or under other applicable federal, state, or local law and regulations.

(e) Delegating ministerial duties and employing outside professionals as may be required.

(f) Making and executing amendments to the Plan, as authorized by the Board of Directors.

Any action of the Committee may be taken by a vote or written consent of the majority of the Committee members. Any Committee member shall be entitled to represent the Committee, including the signing of any certificate or written direction, with regard to any action approved by the Committee.

9.3 Allocation and Delegation of Responsibilities.

(a) From time to time, the Committee, pursuant to a written instrument, may delegate its duties and responsibilities under the Plan, both ministerial and discretionary, as it deems appropriate, to any person, group or other entity. The Committee shall retain the authority to revoke any such delegation of its duties and responsibilities.

(b) To the extent consistent with the terms of the delegation, any action by a delegate of the Committee will have the same force and effect for all purposes as if such action had been taken by the Committee. In addition, the Committee may authorize one or more persons to execute any certificate or document on behalf of the Committee, in which event any person notified by the Committee of such authorization will be entitled to accept and conclusively rely upon any such certificate or document executed by such person as representing action by the Committee until such third person is notified of the revocation of such authority.

(c) Any party acting as delegate of the Committee under this Plan is authorized to exercise full and exclusive discretion in determining matters within its assigned area of responsibility, to the same extent as if the activity were being performed by the Committee directly, subject only to review and modification by the Committee in its sole discretion.

9.4 Expenses. Except as otherwise provided herein, all expenses of Plan administration and operation, including the fees of any counsel employed and including any expenses attributable to a termination of the Plan, will be paid by the Employer.

9.5 Indemnification. Neither the Committee nor any of its members or parties to whom it delegates any of its responsibilities shall be personally liable by reason of any contract or other instrument executed by its members or on their behalf in their capacity as the Plan Administrator, or for any mistake of judgment made in good faith, and the Employer shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Employer’s own assets), the Committee (and each of its members, if applicable) and each other officer, employee, or director of the Employer to whom any duty or power relating to the administration or interpretation of the Plan or to the management or control of the assets of the Plan may be delegated or allocated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Employer) arising out of any act or omission to act in connection with the Plan, unless arising out of such person’s own fraud or bad faith.

ARTICLE X
Claims Procedure

10.1 General. In the event that a Participant is denied any Plan benefit that is claimed, such Participant will be entitled to consideration and review as provided in this Article X.

10.2 Claim Review. Upon receipt of any written claim for benefits, the Committee will be notified and will give due consideration to the claim presented. If the claim is denied to any extent by the Committee, the Committee will furnish to the claimant a written notice within 90 days setting forth (in a manner calculated to be understood by the claimant):

(a) The specific reason or reasons for denial of the claim;

(b) A specific reference to the Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) An explanation of the provisions of this Article X.

10.3 Right of Appeal. A claimant who has a claim denied under Section 10.2 may appeal to the Committee for reconsideration of that claim. A request for reconsideration under this Section 10.3 must be filed by written notice within 60 days after receipt by the claimant of the notice of denial under Section 10.2 of the Plan.

10.4 Review of Appeal. Upon receipt of an appeal the Committee will promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Committee feels such a hearing is necessary. In preparing for this appeal, the claimant will be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal, the Committee will issue a written decision that will be binding on all parties. The decision will be written in a manner calculated to be understood by the claimant and will state specifically its reasons and pertinent Plan provisions on which it relies. The Committee’s decision will be issued within 60 days after the appeal is filed, except that if a hearing is held, the decision may be issued within 120 days after the appeal is filed. The determination of the Committee as to any disputed questions or issues arising under the Plan and all interpretations, determination and decisions of the Committee with respect to any claim hereunder shall be final, conclusive and binding upon all persons.

10.5 Designation. The Committee may designate any person of its choosing to make any determination otherwise required under this Article X.

ARTICLE XI
Amendment

11.1 Right to Amend. The Employer, by action of its Board of Directors, reserves the right to amend this Plan at any time, in whole, or in part, before or after a termination of the Plan in accordance with Section 12.1; provided that any officer of the Company who is also a member of the Retirement Account Plan Committee shall have the authority to approve and adopt amendments that are ministerial or that are required by law.

11.2 Limitations. An amendment of this Plan may not reduce any rights accrued prior to the date of amendment without such Participant’s consent.

11.3 Characterization of the Plan. Notwithstanding Sections 11.1 and 11.2, the Plan may be amended at any time, retroactively if required, if found necessary, in the opinion of the Committee, in order to ensure that: (i) the Plan is characterized as a non-tax-qualified plan of deferred compensation maintained for a select group of management or highly compensated employees, as described under ERISA Sections 201(2), 301(a)(3) and 401(a)(1) and (ii) the Plan conforms to the provisions and requirements of any applicable law, including ERISA and the Code. No such amendment will be considered prejudicial to any interest of a Participant or Beneficiary.

ARTICLE XII
Termination

12.1 Right to Terminate. The Company, by action of its Board of Directors, may terminate this Plan by written instrument, provided, however, that no such termination will deprive any Participant or Beneficiary of a right accrued prior to the date of termination without the Participant's or Beneficiary's consent. In order to apply the special distribution rules applicable to terminated plans under Code section 409A, any Plan termination shall be consistent with the requirements of Code section 409A, including but not limited to the following requirements:

(a) All deferred compensation arrangements of the same type shall be terminated with respect to the Participant;

(b) No benefit payments (other than payments that would have been payable under the Plan terms if the termination had not occurred) are made within 12 months of termination of this Plan, and all benefit payments are made within 24 months of termination of this Plan; and

(c) The Employer may not adopt a new, similar plan with respect to the Participant (i.e., a nonqualified account balance deferred compensation plan subject to Section 409A of the Code) for 3 years after the termination of this Plan if such new, similar plan would be aggregated with this Plan under the aggregation rules of Code section 409A.

12.2 Successor to Company. Any corporation or other business organization which is a successor to the Company by reason of a consolidation, merger or purchase of substantially all of the assets of the Company will have the right to become a party to the Plan by adopting the Plan by resolution of its board of directors or other appropriate governing body.

ARTICLE XIII
Miscellaneous

13.1 Tax Withholding. The Employer shall be entitled to withhold an amount sufficient in

the opinion of the Employer to satisfy all federal, state and other governmental withholding requirements related to the Participant's distribution, including, but not limited to, any employment tax liability under the Federal Insurance Contributions Act and any additions to tax pursuant to Code section 409A.

13.2 No Assignment. The right of any Participant or Beneficiary to any benefit or to any payment hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind. A distribution by the estate of a deceased Participant or Beneficiary to an heir or legatee of a right to receive payments hereunder will not be deemed an alienation, assignment or anticipation for purposes of this Section 13.2.

(a) Except as provided in subsection (b), no Participant or Beneficiary shall have the right to assign, sell, borrow, transfer, bequeath or encumber rights under the Plan and no person other than a Participant or, after the death of a participant, his or her Beneficiary, shall have any right or claim to any part of a Participant's Account. Any attempt to assign, sell, borrow, transfer, bequeath or encumber rights under the Plan or to acquire a right or claim to any part of a Participant's Account shall be void and will not be recognized by the Committee.

(b) The spouse or former spouse of a Participant may acquire part or all of a Participant's right to his or her Account pursuant to a domestic relations order that meets all of the standards for a Qualified Domestic Relations Order (QDRO) under Section 206(d)(3) of ERISA other than those provisions of Sections 206(d)(3)(E) (relating to the timing and form of payments) and 206(d)(3)(H) (to the extent that it requires segregation of assets or amounts). However, in no event shall a person claiming part or all of an Account pursuant to a QDRO be entitled (1) to payment any earlier than the date the Participant's right to the benefit becomes nonforfeitable under Article V and payable under Article VI of the Plan, or (2) to the funding or segregation of an Account.

(c) Notwithstanding subsections (a) and (b), the Employer shall pay part or all of a Participant's or Beneficiary's Account, to the extent vested, in accordance with the terms of a perfected lien in favor of the Internal Revenue Service, and such payment shall constitute satisfaction of the Employer's obligation to any other party with respect to that portion of the Account.

13.3 Funding; Right to Trust Assets. The Plan is intended to be unfunded. The obligation of the Employer to make payments hereunder constitutes a general, unsecured obligation of the Employer to the Participant. Notwithstanding the foregoing, the Employer may establish and maintain a separate trust or fund for the payment of benefits under the Plan. No Participant or Beneficiary may have any interest in any particular asset of the trust or the Employer by reason of the Employer's obligation hereunder, and nothing contained herein creates or may be construed as creating any other fiduciary relationship between the Employer and a Participant or any other person. To the extent any person acquires a right to receive payments from the trust or the Employer hereunder, such right is no greater than the right of an unsecured, general creditor of the Employer. The Committee may provide such direction to the trustee or other custodian on behalf of the Employer as it deems necessary to provide for the proper payment of distributions from the trust.

13.4 Effect on Employment Rights. Neither the existence of the Plan nor the substance of its provisions nor any action taken hereunder will have any effect on the employment rights of any Employee.

13.5 Governing Law. This Plan will be governed by, construed and administered in accordance with the laws of the State of Iowa except to the extent that such laws are preempted by applicable federal law. Any action brought regarding the Plan or its interpretation shall be maintained in the state or federal courts in the state of Iowa.

13.6 Construction. Capitalized terms will have the meanings defined herein. Any undefined capitalized terms under this Plan shall have the same meaning as under the Retirement Account Plan. Singular nouns will be read as plural as appropriate. References to “Section” or “Article” will be read as references to appropriate provisions of this Plan, unless otherwise indicated.

13.7 Severability. The provisions of this Plan will be deemed to be severable. In the event that any provision of this Plan will be held invalid by a court of competent jurisdiction, the surviving provisions of this Plan will remain valid and enforceable according to their terms. Notwithstanding anything contained in the Plan or in any document issued under the Plan, it is intended that the Plan will at all times comply with the requirements of Code section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Plan will be interpreted to meet such requirements. If any provision of the Plan or any election form is determined not to conform to such requirements, the Plan and/or the election form, as applicable, shall be interpreted to omit such offending provision.

This Plan has been restated pursuant to resolution of the Board of Directors on November 13, 2008 effective as January 1, 2008.

LEE ENTERPRISES, INCORPORATED

/s/ Gregory P. Schermer

By: Gregory P. Schermer
Vice President – Interactive Media

12-9-2008

Date

Exhibit 10.26

LEE ENTERPRISES, INCORPORATED
OUTSIDE DIRECTORS DEFERRAL PLAN
Amended and restated January 1, 2008

ARTICLE I
Establishment of Plan

1.1 Establishment of Plan. Lee Enterprises, Incorporated (the "Company") has provided certain members of its Board of Directors ("Board") who are not employees of the Company ("Outside Directors") with the opportunity to defer some or all of their director's fees and per diem allowances for attendance at Board or committee meetings. The terms of the Outside Director's Director Compensation Agreement, and in some cases, the terms of the Lee Enterprises, Incorporated Supplementary Benefit Plan, governed the investment and payment of the Outside Director's deferred compensation. This Plan was established, effective January 1, 2005, in order to amend and restate the provisions of any outstanding Director Compensation Agreements so that they comply with the requirements of Internal Revenue Code section 409A. The Plan was subsequently amended and restated effective January 1, 2008. This Plan shall apply to any deferrals made pursuant to outstanding Director Compensation Agreements. The Lee Enterprises, Incorporated Supplementary Benefit Plan shall cease to apply to such deferrals. The provisions of this Plan supersede any conflicting provisions of any outstanding Director Compensation Agreements.

1.2 Purpose. The purpose of the Plan is to continue deferrals made by Outside Directors pursuant to a Director Compensation Agreement and to provide certain Outside Directors with the opportunity to defer receipt of director's fees and per diem allowances for attendance at Board and committee meetings.

ARTICLE II
Definitions

Whenever used in the Plan, the following terms when capitalized have the following meanings unless a different meaning is plainly required by the context.

2.1 "Account" means the individual account established and maintained by the Plan Administrator or its delegate in the name of a Participant and to which Contributions are allocated.

2.2 "Beneficiary" means the person or persons designated as a Participant's Beneficiary under Article VII.

2.2A "Benefit Election Form" means the form provided by the Employer to an Eligible Employee to be used by such Eligible Employee to elect a time and form of payment with respect to any Contributions made to his or her Account under this Plan.

2.3 "Board of Directors" means the Board of Directors of the Company or any successor by merger, purchase or otherwise, or any person or persons to whom authority to act on behalf of such Board has been granted.

2.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.4A “Code Section 409A” means Code section 409A and any regulations or other administrative guidance issued thereunder.

2.5 “Committee” means the Executive Compensation Committee of the Board of Directors, or a person or entity to which it delegates any of its responsibilities hereunder.

2.6 “Company” means Lee Enterprises, Incorporated and its designated affiliates.

2.7 “Compensation” means director’s fees and per diem allowances for attendance at Board and committee meetings. “Compensation” shall not include any charitable contribution withheld pursuant to a Deferral Agreement.

2.8 “Contributions” means allocations to the Participant’s Account pursuant to Section 4.1 of the Plan.

2.9 “Deferral Agreement” means a written agreement, made on a form promulgated by the Company, between an Outside Director and the Company. “Deferral Agreement” also shall include Director Compensation Agreements entered into prior to May 17, 2006.

2.10 “Effective Date” means January 1, 2005.

2.11 “Outside Director” shall mean a member of the Board who is not an officer or employee of the Company or its affiliates.

2.12 “Participant” means a participant as defined in Section 3.2 of the Plan.

2.13 “Plan” means the Lee Enterprises, Incorporated Outside Directors Deferral Plan, as set forth herein, including any amendments thereto.

2.14 “Plan Administrator” means the Committee, as designated under Section 9.1 of the Plan.

2.15 “Plan Year” means the calendar year.

2.16 “Separation from Service” means the termination of services as an Outside Director.

ARTICLE III
Eligibility and Participation

3.1 Eligibility. The Company shall designate the Outside Directors who are eligible to participate in the Plan.

3.2 Participation. An Outside Director who is designated pursuant to Section 3.1 will become a Participant in the Plan when the Committee receives the Participant’s initial Deferral Agreement. An Outside Director who has a Director Deferral Agreement that is outstanding as of May 17, 2005 shall automatically be a Participant in this Plan.

3.3 Initial Deferral Agreement and Benefit Form Election.

(a) In order to defer Compensation into this Plan, a Participant must make a deferral election by executing and filling out a Deferral Agreement by December 15th of the year prior to the year in which the Compensation will be earned. In the case of a new Participant, an election to defer Compensation into the Plan must be filed within 30 days of the individual first becoming eligible to participate in the Plan and shall only apply to Compensation earned after the date of such election. A Participant's election to defer a certain percentage of Compensation shall be irrevocable during any calendar year in which it is in effect. If a Participant allows a previous deferral election to remain in effect, then the Participant's election for subsequently earned Compensation shall be considered made and irrevocable on the December 31st preceding the year in which the applicable Compensation will be earned.

(b) At the time of entering into an initial Deferral Agreement, a Participant shall complete a valid Benefit Election Form and select a form of distribution with respect to his or her entire Account balance from among the following options:

(i) A single lump sum.

(ii) 50% of the Participant's Account balance will be paid in a lump sum and the remaining 50% of the Participant's Account balance will be paid in an installment payable on the first day of the thirteenth month following the lump sum payment. The installment described in this paragraph (ii) shall be treated as separate payment for the purposes of Section 6.3 of the Plan.

(iii) Annual installment payments up to but not exceeding 15 payments. Annual installment payments described in this paragraph (iii) shall not be treated as separate payments for the purposes of Section 6.3 of the Plan and no more than one annual installment may be paid in any given calendar year. The amount of each annual payment shall be determined by dividing the Participant's Account at the end of the month prior to such payment by the number of years remaining in the elected installment period.

ARTICLE IV
Supplementary Plan Benefit

4.1 Contributions. A Participant may defer all or any portion of his or her Compensation for any year.

4.2 Investments; Investment Earnings. Each Participant may elect to invest his Account under this Plan in the investment options made available by the Committee from time to time. A Participant's Account shall be credited (or debited) daily with the gains (or losses) applicable to the investment vehicle selected by the Participant pursuant to this section 4.2. If a

Participant fails to make an investment election with respect to his Account, his Account shall be invested in a default investment option designated by the Committee. A Participant's Account shall continue to be credited with investment gains (or losses) until the Participant's Account is fully distributed.

Vesting

5.1 General. A Participant shall be one hundred percent (100%) vested in Contributions made to the Plan on behalf of the Participant.

ARTICLE VI
Distributions

6.1 Benefit Distributions. A Participant's Account or, where applicable, Beneficiary's Account, shall be distributed in accordance with the current Benefit election Form, pursuant to Section 3.3 of this Plan. Notwithstanding the preceding sentence, where a Participant fails to complete a valid Benefit Election Form, the Participant's Account or, where applicable, Beneficiary's Account, shall be distributed in the form described in Section 3.3(b)(ii). Amounts payable in accordance with this Section 6.1 shall be paid on the first business day of the second month following the Participant's Separation from Service.

6.2 Death or Disability before Distribution. If a Participant becomes disabled or dies before his Account is fully distributed, the balance of the Account shall be distributed to the Participant or the Participant's Beneficiary at the same time and in the same manner as the payments would have been made to the Participant if the Participant had not become disabled or died.

6.3 Subsequent Change of Elections. A Participant may make a prospective election to change the time or form of distribution of the Participant's entire Account balance by executing such an election in writing (on a form prescribed by the Committee) within the time periods described in this Section 6.3. To constitute a valid election for purposes of this Section 6.3, (i) the election must specify the time and form of distribution selected by the Participant from the options specified in Section 3.3(c), (ii) the election must be executed and delivered to the Company at least 12 months prior to the date in which the first payment would otherwise have been due under the Participant's prior election, and (iii) the first payment must be delayed by at least 60 months from the date the first payment would otherwise have been due under the Participant's prior election. In the event an election fails to satisfy the terms of this Section 6.3, such election shall be void, and payment shall commence under the Participant's previous valid election or, if none exists, shall be paid in accordance with the default rules of Section 6.1 of this Plan.

6.4 Small Benefit Cash-Out. Notwithstanding the above, if the Account balance of a Participant who is entitled to begin payment equals $10,000 or less, the Participant's Account balance shall be paid in a single lump sum payment in full discharge of all liabilities with respect to such benefits. A distribution in accordance with the previous sentence shall be made on the first business day of the second month following the Participant's Separation from Service.

6.5 Other Changes In Distributions. Notwithstanding anything to the contrary contained herein, for periods prior to January 1, 2009, (or such later date as may be provided by the Internal Revenue Service in guidance of general applicability), an officer of the Company who is a member of the Lee Enterprises, Incorporated Retirement Account Plan Committee may provide alternative rules for elections with respect to (i) the commencement of payment, and (ii) the form of payment, so long as such alternative rules and any resulting elections conform to the rules provided in Notice 2005-1, and subsequent Internal Revenue Service guidance providing transition relief under Code section 409A.

6.6 Special 2008 Transition Distribution. Notwithstanding anything to the contrary contained herein, all Participant Accounts existing on December 31, 2008, and any amounts contained therein, shall be distributed to Participants on January 15, 2009. Participants who receive distributions in accordance with this Section 6.6 will continue to be eligible to defer Compensation into the Plan. Unless a Participant completes a new Benefit Election Form regarding amounts to be contributed to this Plan in 2009 and thereafter, the Participant's Benefit Election Form, existing as of December 31, 2008, if any, shall continue to apply with respect to future deferrals under this Plan.

ARTICLE VII
Beneficiaries

7.1. Designation. Upon initial participation in the Plan, each Participant shall submit the form adopted by the Company, designating a Beneficiary or Beneficiaries (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon the Participant's death. A Participant may revoke or amend such designation at any time upon written notice to the Committee on a form authorized for such purpose and any such amendment or revocation shall be effective upon receipt and acceptance by the Committee.

7.2 Failure to Designate Beneficiary. If no Beneficiary survives the Participant or if a Beneficiary was never designated, any payments due to the Participant shall be paid in the following order: (i) to the Participant's surviving spouse, or if there is no surviving spouse, (ii) to the Participant's estate.

7.3 Distribution for Minor Beneficiary. If a distribution is to be made to a minor Beneficiary, then the Committee may, in its sole discretion, direct that such distribution be paid to the legal guardian of such Beneficiary, or if there is none, to a parent of such Beneficiary or to a responsible adult with whom the Beneficiary maintains his or her residence, or to the custodian for such Beneficiary under the Uniform Gifts to Minors Act or Gifts to Minors Act, if such is permitted by the laws of the state in which the Beneficiary resides. Such a payment to the legal guardian or parent of a minor Beneficiary shall fully discharge the Company and the Plan from further liability on account thereof.

ARTICLE VIII
Notice; Lost Participants and Beneficiaries

8.1 Notice. Any communication, statement or notice addressed to a Participant or to a Beneficiary at his or her last post office address as indicated on the Committee's records will be binding on the Participant or Beneficiary for all purposes of this Plan. Neither the Committee nor the Company will be obligated to take any further measures to locate a Participant or Beneficiary.

8.2 Lost Participants and Beneficiaries.

(a) If the Committee or the Company notifies any Participant that he or she is entitled to an amount under the Plan, and the Participant or Beneficiary fails to claim such amount or fails to make her location known to the Committee or the Company within 5 years thereafter, then, except as otherwise required by law, the Company or the Committee may direct that the amount payable be deemed a forfeiture.

(b) If a benefit payable to a lost Participant or Beneficiary is subject to escheat pursuant to applicable state law, neither the Committee nor the Company will be liable to any person for any payment made in accordance with such law.

ARTICLE IX
Administration of the Plan

9.1 Committee as Plan Administrator. Except as otherwise expressly provided herein, the Plan Administrator will retain exclusive responsibility for the operation, administration and recordkeeping of the Plan. The Plan Administrator shall be the Committee.

9.2 Powers and Duties of the Committee. The Committee will undertake all duties assigned to it under the Plan and will undertake all actions, express or implied, necessary for the proper administration of the Plan. The Committee will have full and absolute discretion to interpret and administer the Plan and its interpretations and decisions will be final. The Committee's powers and duties include, but are not limited to, the following:

(a) Determining eligibility and Contributions under the Plan.

(b) Adopting, interpreting, altering, amending or revoking rules and regulations that it deems necessary or appropriate for the administration of the Plan in accordance with applicable law and other applicable policies.

(c) Interpreting the Plan, deciding all questions concerning the Plan in accordance with the terms of the Plan document, applicable law, contracts and policies and reviewing all claims under the Plan. Such interpretations and decisions will be made in the sole discretion of the

Committee and will be final and conclusive on any Outside Director, former Outside Director, Participant, former Participant, Beneficiary, or other party. Notwithstanding the foregoing, it is intended that the Plan will be interpreted in accordance with Code section 409A.

(d) Keeping such records and submitting such filings, elections, applications, returns or forms as may be required under the Code and regulations thereunder or under other applicable federal, state, or local law and regulations.

(e) Delegating ministerial duties and employing outside professionals as may be required.

(f) Making and executing amendments to the Plan, as authorized by the Board of Directors.

Any action of the Committee may be taken by a vote or written consent of the majority of the Committee members. Any Committee member shall be entitled to represent the Committee, including the signing of any certificate or written direction, with regard to any action approved by the Committee.

9.3 Allocation and Delegation of Responsibilities.

(a) From time to time, the Committee, pursuant to a written instrument, may delegate its duties and responsibilities under the Plan, both ministerial and discretionary, as it deems appropriate, to any person, group or other entity. The Committee shall retain the authority to revoke any such delegation of its duties and responsibilities.

(b) To the extent consistent with the terms of the delegation, any action by a delegate of the Committee will have the same force and effect for all purposes as if such action had been taken by the Committee. In addition, the Committee may authorize one or more persons to execute any certificate or document on behalf of the Committee, in which event any person notified by the Committee of such authorization will be entitled to accept and conclusively rely upon any such certificate or document executed by such person as representing action by the Committee until such third person is notified of the revocation of such authority.

(c) Any party acting as delegate of the Committee under this Plan is authorized to exercise full and exclusive discretion in determining matters within its assigned area of responsibility, to the same extent as if the activity were being performed by the Committee directly, subject only to review and modification by the Committee in its sole discretion.

9.4 Expenses. Except as otherwise provided herein, all expenses of Plan administration and operation, including the fees of any counsel employed and including any expenses attributable to a termination of the Plan, will be paid by the Company.

9.5 Indemnification. Neither the Committee nor any of its members or parties to whom it delegates any of its responsibilities shall be personally liable by reason of any contract or other

instrument executed by its members or on their behalf in their capacity as the Plan Administrator, or for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Company's own assets), the Committee (and each of its members, if applicable) and each other officer, employee, or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan or to the management or control of the assets of the Plan may be delegated or allocated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan, unless arising out of such person's own fraud or bad faith.

ARTICLE X
Claims Procedure

10.1 General. In the event that a Participant is denied any Plan benefit that is claimed, such Participant will be entitled to consideration and review as provided in this Article X.

10.2 Claim Review. Upon receipt of any written claim for benefits, the Committee will be notified and will give due consideration to the claim presented. If the claim is denied to any extent by the Committee, the Committee will furnish to the claimant a written notice within 90 days setting forth (in a manner calculated to be understood by the claimant):

(a) The specific reason or reasons for denial of the claim;

(b) A specific reference to the Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) An explanation of the provisions of this Article X.

10.3 Right of Appeal. A claimant who has a claim denied under Section 10.2 may appeal to the Committee for reconsideration of that claim. A request for reconsideration under this Section 10.3 must be filed by written notice within 60 days after receipt by the claimant of the notice of denial under Section 10.2 of the Plan.

10.4 Review of Appeal. Upon receipt of an appeal the Committee will promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Committee feels such a hearing is necessary. In preparing for this appeal, the claimant will be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal, the Committee will issue a written decision that will be binding on all parties. The decision will be written in a manner calculated to be understood by the claimant and will state specifically its reasons and

pertinent Plan provisions on which it relies. The Committee's decision will be issued within 60 days after the appeal is filed, except that if a hearing is held, the decision may be issued within 120 days after the appeal is filed. The determination of the Committee as to any disputed questions or issues arising under the Plan and all interpretations, determination and decisions of the Committee with respect to any claim hereunder shall be final, conclusive and binding upon all persons.

10.5 Designation. The Committee may designate any person of its choosing to make any determination otherwise required under this Article X.

ARTICLE XI
Amendment

11.1 Right to Amend. The Company, by action of its Board of Directors, reserves the right to amend this Plan at any time, in whole, or in part, before or after a termination of the Plan in accordance with Section 12.1; provided that any officer of the Company who is a member of the Lee Enterprises, Incorporated Retirement Account Plan Committee shall have the authority to approve and adopt amendments that are ministerial or that are required by law.

11.2 Limitations. An amendment of this Plan may not reduce any rights accrued prior to the date of amendment without such Participant's consent.

11.3 Characterization of the Plan. Notwithstanding Sections 11.1 and 11.2, the Plan may be amended at any time, retroactively if required, if found necessary, in the opinion of the Committee, in order to ensure that the Plan conforms to the provisions and requirements of any applicable law, including the Code. No such amendment will be considered prejudicial to any interest of a Participant or Beneficiary.

ARTICLE XII
Termination

12.1 Right to Terminate. The Company, by action of its Board of Directors, may terminate this Plan by written instrument, provided, however, that no such termination will deprive any Participant or Beneficiary of a right accrued prior to the date of termination without the Participant's or Beneficiary's consent. In order to apply the special distribution rules applicable to terminated plans under Code section 409A, any Plan termination shall be consistent with the requirements of Code section 409A, including but not limited to the following requirements:

(a) All deferred compensation arrangements of the same type shall be terminated with respect to the Participant;

(b) No benefit payments (other than payments that would have been payable under the Plan terms if the termination had not occurred) are made within 12 months of termination of this Plan, and all benefit payments are made within 24 months of termination of this Plan; and

(c) The Employer may not adopt a new, similar plan with respect to the Participant (i.e., a nonqualified account balance deferred compensation plan subject to Section 409A of the Code) for 3 years after the termination of this Plan if such new, similar plan would be aggregated with this Plan under the aggregation rules of Code section 409A and any regulations or other guidance thereunder.

12.2 Successor to Company. Any corporation or other business organization which is a successor to the Company by reason of a consolidation, merger or purchase of substantially all of the assets of the Company will have the right to become a party to the Plan by adopting the Plan by resolution of its board of directors or other appropriate governing body.

ARTICLE XIII
Miscellaneous

13.1 Taxation. Distributions from the Plan are intended to be subject to self-employment tax at the time payment is received. All Participants shall be solely liable for any federal or state tax liability that results from participation in, or a distribution from, this Plan.

13.2 No Assignment. The right of any Participant or Beneficiary to any benefit or to any payment hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind. A distribution by the estate of a deceased Participant or Beneficiary to an heir or legatee of a right to receive payments hereunder will not be deemed an alienation, assignment or anticipation for purposes of this Section 13.2.

(a) Except as provided in subsection (b), no Participant or Beneficiary shall have the right to assign, sell, borrow, transfer, bequeath or encumber rights under the Plan and no person other than a Participant or, after the death of a participant, his or her Beneficiary, shall have any right or claim to any part of a Participant’s Account. Any attempt to assign, sell, borrow, transfer, bequeath or encumber rights under the Plan or to acquire a right or claim to any part of a Participant’s Account shall be void and will not be recognized by the Committee.

(b) Notwithstanding subsections (a) and (b), the Company shall pay part or all of a Participant’s or Beneficiary’s Account, to the extent vested, in accordance with the terms of a perfected lien in favor of the Internal Revenue Service, and such payment shall constitute satisfaction of the Company’s obligation to any other party with respect to that portion of the Account.

13.3 Funding; Right to Trust Assets. The Plan is intended to be unfunded. The obligation of the Company to make payments hereunder constitutes a general, unsecured obligation of the Company to the Participant. Notwithstanding the foregoing, the Company may establish and maintain a separate trust or fund for the payment of benefits under the Plan. No Participant or Beneficiary may have any interest in any particular asset of the trust or the Company by reason of the Company’s obligation hereunder, and nothing contained herein creates or may be construed as creating any other fiduciary relationship between the Company and a Participant or any other person. To the extent any person acquires a right to receive payments from the trust or the Company hereunder, such right is no greater than the right of an unsecured, general creditor of the Company. The Committee may provide such direction to the trustee or other custodian on behalf of the Company as it deems necessary to provide for the proper payment of distributions from the trust.

13.4 Governing Law. This Plan will be governed by, construed and administered in accordance with the laws of the State of Iowa except to the extent that such laws are preempted by applicable federal law. Any action brought regarding the Plan or its interpretation shall be maintained in the state or federal courts in the state of Iowa.

13.5 Construction. Capitalized terms will have the meanings defined herein. References to “Section” or “Article” will be read as references to appropriate provisions of this Plan, unless otherwise indicated.

13.6 Severability. The provisions of this Plan will be deemed to be severable. In the event that any provision of this Plan will be held invalid by a court of competent jurisdiction, the surviving provisions of this Plan will remain valid and enforceable according to their terms. Notwithstanding anything contained in the Plan or in any document issued under the Plan, it is intended that the Plan will at all times comply with the requirements of Code section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Plan will be interpreted to meet such requirements. If any provision of the Plan or any election form is determined not to conform to such requirements, the Plan and/or the election form, as applicable, shall be interpreted to omit such offending provision.

This Plan has been restated pursuant to resolution of the Board of Directors on November 13, 2008, effective as January 1, 2008.

LEE ENTERPRISES, INCORPORATED

/s/ Gregory P. Schermer

By: Gregory P. Schermer
Vice President – Interactive Media

12-9-2008

Date

EXHIBIT 21

LEE ENTERPRISES, INCORPORATED
AND SUBSIDIARIES

SUBSIDIARIES AND ASSOCIATED COMPANIES

	State of Organization	Percentage of Voting Securities Owned
Lee Enterprises, Incorporated	Delaware	Parent
Lee Publications, Inc.	Delaware	100%
Accudata, Inc.	Iowa	100%
INN Partners, L.C. d/b/a TownNews.com	Iowa	82.5%
Lee Procurement Solutions Co.	Iowa	100%
Sioux City Newspapers, Inc.	Iowa	100%
Target Marketing Systems, Inc.	Iowa	100%
Journal-Star Printing Co.	Nebraska	100%
K. Falls Basin Publishing, Inc.	Oregon	100%
Lee Consolidated Holdings Co.	South Dakota	100%
LINT Co.	South Dakota	100%
Madison Newspapers, Inc. d/b/a Capital Newspapers	Wisconsin	50%
Flagstaff Publishing Co.	Washington	100%
Hanford Sentinel, Inc.	Washington	100%
Kauai Publishing Co.	Delaware	100%
Napa Valley Publishing Co.	Washington	100%
NIPC, Inc.	Delaware	100%
Northern Lakes Publishing Co.	Delaware	100%
Pantagraph Publishing Co.	Delaware	100%
Pulitzer Inc.	Delaware	100%
Pulitzer Missouri Newspapers, Inc.	Delaware	100%
Pulitzer Newspapers, Inc.	Delaware	100%
Lee Foundation	Iowa	100%
Pulitzer Technologies, Inc.	Delaware	100%
Pulitzer Utah Newspapers, Inc.	Delaware	100%
Santa Maria Times, Inc.	Nevada	100%
Southwestern Oregon Publishing Co.	Oregon	100%
Star Publishing Company	Arizona	100%
Ynez Corporation	California	100%
Fairgrove LLC	Delaware	95%
Homechoice, LLC	Utah	100%
HSTAR LLC	Delaware	100%
NLPC LLC	Delaware	100%
NVPC LLC	Delaware	100%
Pulitzer Network Systems LLC	Delaware	100%
SHTP LLC	Delaware	100%
SOPC LLC	Delaware	100%
St. Louis Post-Dispatch LLC	Delaware	95%
STL Distribution Services LLC	Delaware	95%
Suburban Journals of Greater St. Louis LLC	Delaware	100%
TNI Partners	Arizona	50%
Community Distribution Partners, LLC	Montana	50%

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Lee Enterprises, Incorporated

We consent to the incorporation by reference in the Registration Statements No. 333-06435, No. 333-105219, No. 333-132767, No. 333-132768 and Post-Effective Amendment No. 1 to 333-132768 on Form S-8 of Lee Enterprises, Incorporated of our reports dated December 31, 2008, with respect to the consolidated balance sheet of Lee Enterprises, Incorporated as of September 28, 2008, and the related consolidated statements of operations and comprehensive income (loss) , stockholders' equity and cash flows for the 52-week period ended September 28, 2008, and the effectiveness of internal control over financial reporting as of September 28, 2008, which reports appear in the September 28, 2008 annual report on Form 10-K of Lee Enterprises, Incorporated.

Our report dated December 31, 2008 on the consolidated financial statements refers to our audit of the adjustments that were applied to revise the 2007 and 2006 consolidated financial statements, as more fully described in Note 3 to the consolidated financial statements. However, we were not engaged to audit, review, or apply any procedures to the 2007 and 2006 consolidated financial statements other than with respect to such adjustments to reflect the results of discontinued operations related to the 2008 divestiture.

Our report dated December 31, 2008 on the consolidated financial statements refers to the adoption of the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, effective October 1, 2007.

Our report dated December 31, 2008 on the consolidated financial statements, contains an explanatory paragraph that states that the Company has short-term obligations that cannot be satisfied by available funds and has incurred violations of debt covenants that subject the related principal amounts to acceleration, all of which raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

/s/ KPMG LLP

Chicago, Illinois
December 31, 2008

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-06435, No. 333-105219, No. 333-132767, No. 333-132768 and Post-Effective Amendment No. 1 to 333-132768 on Form S-8 of our report dated November 29, 2007, relating to the consolidated financial statements of Lee Enterprises, Incorporated and subsidiaries as of September 30, 2007 and for the years ended September 30, 2007 and 2006 (before retrospective adjustments to the 2007 and 2006 consolidated financial statements (not presented herein)) (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*), appearing in this annual Report on Form 10-K of Lee Enterprises, Incorporated and subsidiaries for the year ended September 28, 2008.

/S/ DELOITTE & TOUCHE LLP

Davenport, Iowa
December 29, 2008

EXHIBIT 24

POWER OF ATTORNEY

We, the undersigned directors of Lee Enterprises, Incorporated, hereby severally constitute Mary E. Junck and Carl G. Schmidt, 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 28, 2008 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.

Signature	Date
/s/ Richard R. Cole	
Richard R. Cole, Director	December 12, 2008
/s/ Nancy S. Donovan	
Nancy S. Donovan, Director	December 12, 2008
/s/ Leonard J. Elmore	
Leonard J. Elmore, Director	December 12, 2008
/s/ William E. Mayer	
William E. Mayer, Director	December 12, 2008
/s/ Herbert W. Moloney III	
Herbert W. Moloney III, Director	December 12, 2008
/s/ Andrew E. Newman	
Andrew E. Newman, Director	December 12, 2008
/s/ Gordon D. Prichett	
Gordon D. Prichett, Director	December 12, 2008
/s/ Gregory P. Schermer	
Gregory P. Schermer, Director	December 12, 2008
/s/ Mark Vittert	
Mark Vittert, Director	December 12, 2008

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mary E. Junck, certify that:

1. I have reviewed this annual report on Form 10-K (Annual Report) of Lee Enterprises, Incorporated (Registrant);
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Annual Report based on such evaluation; and
   d) disclosed in this Annual Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 31, 2008

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Carl G. Schmidt, certify that:

1. I have reviewed this annual report on Form 10-K (Annual Report) of Lee Enterprises, Incorporated (Registrant);
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Annual Report based on such evaluation; and
   d) disclosed in this Annual Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 31, 2008

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer

EXHIBIT 32

The following statement is being furnished to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

RE: Lee Enterprises, Incorporated

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that to our knowledge:

(i) this annual report on Form 10-K for the period ended September 28, 2008 (Annual Report), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of Lee Enterprises, Incorporated for the periods presented in the Annual Report.

Dated as of this 31st day of December 2008.

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and
Chief Executive Officer

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer

A signed original of this written statement required by Section 906 has been provided to Lee Enterprises, Incorporated and will be retained by Lee Enterprises, Incorporated and furnished to the Securities and Exchange Commission upon request.