

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

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934
For Quarter Ended December 31, 1995

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

A Delaware Corporation
215 N. Main Street, Davenport, Iowa 52801
Phone: (319) 383-2100

I.D. #42-0823980

Indicate by a 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
No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding at December 31, 1995
Common Stock, \$2.00 par value	34,363,227
Class "B" Common Stock, \$2.00 par value	13,034,885

PART I. FINANCIAL INFORMATION

Item 1.

LEE ENTERPRISES, INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)

	1995	1994
	(Unaudited)	
Three Months Ended December 31:		
Operating revenue:		
Newspaper:		
Advertising	\$ 45,201	\$ 37,721
Circulation	20,184	17,076
Other	13,126	11,461
Broadcasting	30,341	29,347
Graphic arts	15,882	14,703
Equity in net income of associated companies	1,921	2,780
	\$126,655	\$113,088
Operating expenses:		
Compensation costs	\$ 41,638	\$ 36,254
Newsprint and ink	10,215	6,776
Depreciation	3,947	2,845
Amortization of intangibles	3,773	3,021
Other	38,519	33,932
	\$ 98,092	\$ 82,828
 Operating income	 \$ 28,563	 \$ 30,260
Financial (income) expense, net:		
Financial (income)	\$ (527)	\$ (811)
Financial expense	2,555	3,256
	\$ 2,028	\$ 2,445
 Income before taxes on income	 \$ 26,535	 \$ 27,815
Income taxes	10,595	10,989
 Net income	 \$ 15,940	 \$ 16,826
Weighted average number of shares	48,297	45,816
Earnings per share	\$.33	\$.37
Dividends per share	\$.12	\$.11

LEE ENTERPRISES, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

December 31, September 30,
1995 1995
(Unaudited)

ASSETS

Cash and cash equivalents	\$ 29,907	\$ 10,683
Temporary investments	200	200
Accounts receivable, net	65,297	58,584
Inventories	16,848	18,355
Program rights and other	15,340	16,687
Total current assets	\$127,592	\$104,509
Investments	20,116	19,700
Property and equipment, net	108,761	108,196
Intangibles and other assets	322,957	327,524
	\$579,426	\$559,929

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$126,253	\$116,527
Long-term debt, less current maturities	75,109	75,511
Deferred items	57,358	56,849
Stockholders' equity	320,706	311,042
	\$579,426	\$559,929

LEE ENTERPRISES, INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	1995	1994
	(Unaudited)	
Three Months Ended December 31:		
CASH PROVIDED BY OPERATIONS		
Net income	\$ 15,940	\$ 16,826
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	7,720	5,866
Distributions in excess of current earnings of associated companies	1,953	2,026
Other balance sheet changes	(395)	4,927
Net cash provided by operations	\$ 25,218	\$ 29,645
CASH PROVIDED BY (REQUIRED FOR) INVESTING ACTIVITIES		
Acquisitions	\$ -	\$ (1,350)
Purchase of temporary investments	(200)	-
Proceeds from maturities of temporary investments	200	8,386
Purchase of property and equipment	(4,346)	(3,081)
Other	(931)	(815)
Net cash provided by (required for) investing activities	\$ (5,277)	\$ 3,140
CASH (REQUIRED FOR) FINANCING ACTIVITIES		
Purchase of common stock	\$ (868)	\$(13,901)
Other	151	106
Net cash (required for) financing activities	\$ (717)	\$(13,795)
Net increase in cash and cash equivalents	\$ 19,224	\$ 18,990
Cash and cash equivalents:		
Beginning	10,683	18,784
Ending	\$ 29,907	\$ 37,774

LEE ENTERPRISES, INCORPORATED

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NOTE 1. BASIS OF PRESENTATION

The information furnished reflects all adjustments, consisting of normal recurring accruals, which are, in the opinion of management, necessary to a fair presentation of the financial position as of December 31, 1995 and the results of operations and cash flows for the three-month periods ended December 31, 1995 and 1994.

NOTE 2. COMMON STOCK SPLIT

On November 9, 1995, the Board of Directors declared a two-for-one stock split on the Company's common stock and Class B common stock effected in the form of a stock dividend payable December 8, 1995, to holders of record on November 20, 1995. All share and per share data is stated to reflect the split.

NOTE 3. INVESTMENT IN ASSOCIATED COMPANIES

Condensed operating results of unconsolidated associated companies are as follows:

	Three Months Ended December 31, 1995 1994 (In Thousands) (Unaudited)	
Revenues	\$ 19,291	\$ 26,891
Operating expenses, except depreciation and amortization	12,727	17,459
Depreciation and amortization	460	611
Operating income	6,104	8,821
Financial income	308	495
Income before income taxes	6,412	9,316
Income taxes	2,569	3,748
Net income	3,843	5,568

- a. Madison Newspapers, Inc. (50% owned)
- b. Journal-Star Printing Co. (49.75% owned until March 31, 1995)
- c. Quality Information Systems (50% owned)

NOTE 4. INVENTORIES

Inventories consist of the following:

	December 31, 1995 (In Thousands) (Unaudited)	September 30, 1995 (In Thousands) (Unaudited)
Newsprint	\$ 2,786	\$ 3,634
Media products and services:		
Raw material	6,881	7,554
Finished goods	7,181	7,167
	\$ 16,848	\$ 18,355

LEE ENTERPRISES, INCORPORATED

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NOTE 5. CASH FLOWS INFORMATION

The components of other balance sheet changes are:

	Three Months Ended December 31, 1995 1994 (In Thousands) (Unaudited)	
(Increase) in receivables	\$ (8,151)	\$ (7,032)
Decrease in inventories, film rights and other	1,969	2,107
Increase (decrease) in accounts payable, accrued expenses and unearned income	(4,209)	1,047
Increase in income taxes payable	9,265	8,734
Other	731	71
	\$ (395)	\$ 4,927

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating results:

	Three Months Ended December 31, 1995 1994 (Dollar Amounts in Thousands Except For Per Share Data)	
Revenue	\$126,655	\$113,088
Percent change	12.0%	
Income before depreciation and amortization, interest and taxes (EBITDA)	36,283	36,126
Percent change	.4%	
Operating income	28,563	30,260
Percent change	(5.6%)	
Net income	15,940	16,826
Percent change	(5.3%)	
Earnings per share	\$.33	\$.37
Percent change	(10.8%)	

As if acquisition of Journal-Star Printing Co. and SJL of Kansas Corp. had occurred on October 1, 1994.

Proforma:

Revenue	\$126,655	\$124,961
Percent change	1.4%	
Income before depreciation and amortization, interest and taxes (EBITDA)	36,283	39,892
Percent change	(9.0%)	
Operating income	28,563	32,536
Percent change	12.2%	
Net income	15,940	17,425
Percent change	(8.5%)	
Earnings per share	\$.33	\$.35
Percent change	(5.7%)	

Operations by line of business are as follows:

	Three Months Ended December 31,	
	1995	1994
	(In Thousands)	
Revenue:		
Newspapers	\$ 80,425	\$ 69,051
Broadcasting	30,341	29,347
Graphic arts	15,889	14,690
	\$126,655	\$113,088
Income before depreciation and amortization, interest and taxes (EBITDA):		
Newspapers	\$ 26,143	\$ 23,527
Broadcasting	9,878	13,491
Graphic arts	3,617	2,845
Corporate	(3,355)	(3,737)
	\$ 36,283	\$ 36,126
Operating income:		
Newspapers	\$ 22,593	\$ 20,793
Broadcasting	6,951	11,618
Graphic arts	2,508	1,712
Corporate and other	(3,489)	(3,863)
	\$ 28,563	\$ 30,260
Capital expenditures:		
Newspaper	\$ 2,013	\$ 1,367
Broadcasting	2,061	1,673
Graphic arts	227	41
Corporate	45	-
	\$ 4,346	\$ 3,081

There were no significant non-recurring items during the quarter.

The advertising environment was sluggish in the first quarter of the fiscal year and is expected to remain sluggish at least through the second quarter.

Newspapers:

On a proforma basis for newspapers owned at the end of fiscal 1995, wholly-owned daily newspaper advertising revenue increased \$1,322,000, 3.0%. Advertising revenue from local merchants increased \$661,000, 2.4%. Local "run-of-press" advertising decreased \$142,000, (.7%) as a result of higher average rates which partially offset a 6.1% decrease in advertising inches. Local preprint revenue increased \$803,000, 9.6%. Classified advertising revenue increased \$568,000, 4.8% as a 3.0% decrease in units primarily related to weakness in the automotive segment was offset by higher average rates. Circulation revenue increased \$1,065,000, 5.6% as a result of higher rates which offset a 2.0% decrease in volume. Other revenue at daily newspapers increased \$1,569,000, 24.6% primarily as a result of increases in commercial printing and other non-traditional products and services.

On a proforma basis for newspapers owned at the end of fiscal 1995, wholly-owned daily newspaper compensation expense increased \$778,000, 3.4% due primarily to increases in average compensation. Newsprint and ink costs increased \$2,258,000, 28.8%. Higher unit costs were offset in part by a 2.3% decrease in consumption. Other operating expenses exclusive of depreciation and amortization decreased \$214,000, (1.3%).

Revenues from weekly newspapers, shoppers and specialty publications increased \$382,000, 8.0%. Revenue from properties acquired since the beginning of the first quarter of the last fiscal year were not significant.

Broadcasting:

Exclusive of the effects of the acquisition of SJL of Kansas Corp. revenue for the quarter decreased \$3,371,000, (11.5%), as political advertising decreased \$2,905,000, local/regional advertising increased \$595,000, (4.3%) and national advertising decreased \$50,000, (.6%). Compensation costs increased \$351,000, 4.9% due primarily to a 9.8% increase in the number of hours worked which was offset, in part, by a decrease in the average hourly rates. Programming costs for the quarter increased \$411,000, 23.6% primarily due to higher program acquisition costs. Other operating expenses exclusive of depreciation and amortization increased \$336,000, 6.5% for the quarter.

Graphic Arts:

Graphic arts revenue increased \$1,179,000, 8.0%, as decreased unit volume from NAPP's letterpress plate business was offset by higher selling prices, growth in the flexographic printing plate business and revenue from the distribution of flexographic commercial printing plates which commenced in September 1995. Letterpress customers reduced inventory levels and several customers completed conversion to offset or flexographic printing. Revenue from the letterpress business is expected to decrease each year as conversions continue. Operating income increased \$796,000, 46.5% due to the increased sales volume and a reduction in spending on new product initiatives.

Equity in Net Income of Associated Companies:

Equity in net income of associated companies decreased \$859,000. The prior year included \$808,000 of equity in net income of Journal-Star Printing Co.

Financial Expense and Income Taxes:

Interest expense was reduced due to payments on long-term debt offset, in part, by \$15,000,000 of short-term borrowings to finance the acquisition of SJL of Kansas Corp.

Income taxes were 39.9% and 39.5% of pre-tax income for the quarters ended December 31, 1995 and 1994, respectively. The increase in the effective income tax rate was due to an increase in nondeductible intangible asset amortizations.

Liquidity and Capital Resources:

Cash provided by operations, which is the Company's primary source of liquidity, generated \$25,218,000 for the quarter. Available cash balances, cash flow from operations and bank lines-of-credit provide adequate liquidity. Covenants related to the Company's credit agreements are not considered restrictive to operations and anticipated stockholder dividends.

LEE ENTERPRISES, INCORPORATED

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit "A" - Computation of Earnings Per Share

(b) The following report on Form 8-K was filed during the three months ended December 31, 1995.

Date of report: December 5, 1995

Item: 5 - Announce the declaration of the two-for-one stock split

Financial statements filed: none

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEE ENTERPRISES, INCORPORATED

DATE 2/08/96

/s/G. C. Wahlig
G. C. Wahlig, Chief Accounting
Officer

COMPUTATION OF EARNINGS PER COMMON SHARE
(In Thousands Except Per Share Data)

	Three Months Ended December 31, 1995 1994 (Unaudited)	
Net income applicable to common shares	\$ 15,940	\$ 16,826
Shares:		
Weighted average common shares outstanding	47,378	45,218
Dilutive effect of certain stock options	919	598
Average common shares outstanding as adjusted	48,297	45,816
Earnings per common share	\$.33	\$.37

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DECEMBER 31, 1995 10-Q OF LEE ENTERPRISES, INCORPORATED AND IS QUALIFIED IN ITS ENTIRETY TO REFERENCE TO SUCH FINANCIAL STATEMENTS

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3-MOS	
SEP-30-1996	DEC-31-1995
	29,907
	200
	69,597
	4,300
	16,848
127,592	257,481
	148,720
	579,426
126,253	75,109
0	0
	94,796
	225,910
579,426	126,655
	126,655
	0
	08,092
	0
	0
	2,555
	26,535
	10,595
15,940	0
	0
	0
	15,940
	.33
	.33