

SAFE HARBOR

Forward looking statements

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This presentation contains information that may be deemed forward-looking that is based largely on our current expectations, and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties, which in some instances are beyond our control, are:

- Our ability to generate cash flows and maintain liquidity sufficient to service our debt;
- Our ability to comply with the financial covenants in our credit facilities;
- Our ability to refinance our debt as it comes due;
- Our ability to manage declining print revenue;
- That the warrants issued in our refinancing will not be exercised;
- The impact and duration of adverse conditions in certain aspects of the economy affecting our business;
- Change in advertising and subscription demand;
- Changes in technology that impact our ability to deliver digital advertising;
- Potential changes in newsprint, other commodities and energy costs;
- Interest rates;
- Labor costs;
- Legislative and regulatory rulings;
- Our ability to achieve planned expense reductions;
- Our ability to maintain employee and customer relationships;
- Our ability to manage increased capital costs;
- Our ability to maintain our listing status on the NYSE;
- Competition; and
- Other risks detailed from time to time in our publicly filed documents, including this presentation.

Any statements that are not statements of historical fact (including statements containing the words “may”, “will”, “would”, “could”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “projects”, “considers” and similar expressions) generally should be considered forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this presentation. We do not undertake to publicly update or revise our presentation, except as required by law.



SAFE HARBOR (CONTINUED)

Industry Data

This presentation includes estimates of industry data and forecasts that have been obtained from industry publications and surveys or internal company sources. Estimates regarding any industry data presented in this publication, in particular as they related to market share, size and growth rates and general expectations, involve risks and uncertainties and are subject to change based on various factors. We cannot guarantee the accuracy or completeness of such information contained in this presentation.

Peer Company Data

This presentation also includes financial and other data from certain companies that we consider to be our peers. Such data has been taken directly from public sources. However, we have not independently verified such data and can provide no assurance as to its accuracy.

Non-GAAP Financial Measures

The financial information in this presentation includes financial information that is not presented in accordance with generally accepted accounting principles ("GAAP"). Non-GAAP financial measures may be considered in addition to GAAP financial information, but should not be used as substitutes for the corresponding GAAP measures. Non-GAAP measures in this presentation may be calculated in a way that is not comparable to similarly titled measures reported by other companies. See the Appendix to this presentation for a reconciliation between GAAP and these non-GAAP measures presented for our company.

In addition, this presentation includes non-GAAP financial measures of certain companies that we consider to be our peers. Such data may not be comparable to similarly titled measures presented by us, and any differences may be material.



HEADLINES

- Top of the industry in digital transformation
 - 8.2% CAGR of total digital revenue since 2011
 - Digital audience growth in Q1
 - Page views +17.3%
 - Unique visitors +8.7%
 - Digital only subscribers increased 55.9%
- Leading source of news, information and advertising in attractive midsize markets
- Huge local audiences with strength across all age groups; growing digital audiences
- Improved performance in local, controllable retail accounts
- Best performance among peer group metrics¹
- Leading provider of local news, information and advertising in primarily midsize markets, with 42 daily newspapers and a joint interest in four others across 50 markets, rapidly growing digital products and nearly 300 specialty publications in 20 states
 - LTM December 2018 revenue and Adjusted EBITDA² were \$536.4 million and \$128.4 million, respectively



¹ Including Margin and UFCF; Please reference "Peer Comparison – Results." Peer group includes Gannett (GCI), McClatchy (MNI), Tribune Publishing (TPCO), and New Media (NEWM)

² Adjusted EBITDA is a non-GAAP financial measure. See Appendix for reconciliation to the nearest GAAP measure.

LEE ENTERPRISES PROJECT TEAM

Kevin Mowbray

President and Chief Executive Officer

Tim Millage

Vice President, Chief Financial Officer and Treasurer



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- Overview of Lee Enterprises

- Strategic Initiatives

- Financial Overview

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KEY CREDIT HIGHLIGHTS

Company and Culture

- Leading provider of local news, information and advertising in 50 predominantly midsize, attractive markets
- Strategy focused on **local** news, information and advertising
- Aggressive sales culture has produced industry-leading revenue results

Digital Transformation

- 8.2% Total Digital Revenue CAGR since 2011
- Captures more than twice the industry average in digital market share
- Highest programmatic rates in the industry – according to Google
- #1 CMS choice in TownNews in local media and growing market share in broadcast

Operating Results

- Premier operator with industry-leading margins¹ – nearly double the industry average
- Produces strong cash flow that has outperformed peers in key performance metrics
- LTM December 2018 Adjusted EBITDA totaled \$128mm with 21.9% margins¹

Capital Structure

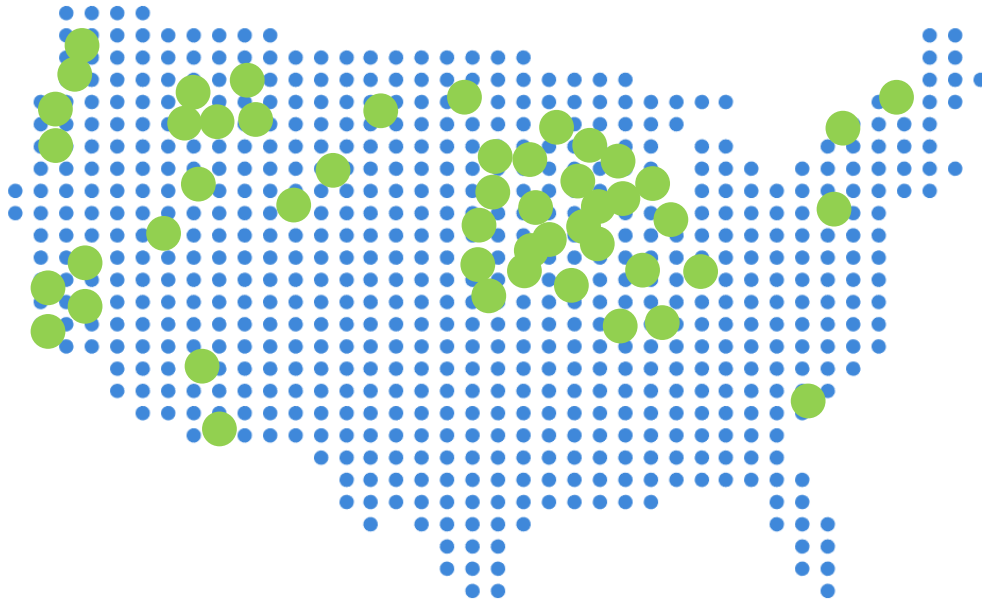
- Since 2014 refinancing, reduced debt ~\$367mm and reduced leverage, net of cash to 3.6x
- Intend to use substantially all cashflow to repay debt
- Current leverage ratio of 3.6x Adjusted EBITDA¹ and target of 2.5x

¹ Adjusted EBITDA and Margin are non-GAAP financial measures. See Appendix for reconciliation to the nearest GAAP measures.



LEE ENTERPRISES

Large audiences in mid-sized communities



Leading provider of local news, information and advertising in 50 markets in 20 states

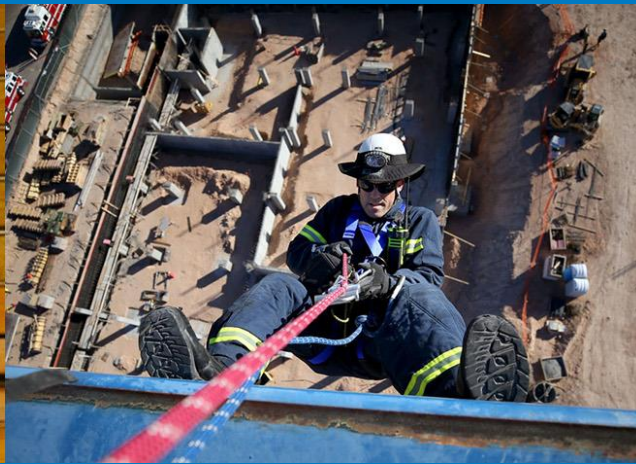
- **Huge audiences – print and digital**
- **Attractive midsize markets with a strong sense of community**
- **Daily community newspapers**
 - More than 0.7 million average daily newspaper circulation
 - More than 1.1 million Sunday print circulation
 - More than 2.2 million print readers
- **Digital products and services**
 - #1 local web and mobile sites
 - More than 29 million digital unique visitors per month
 - TownNews provides content management and digital services for nearly 2,000¹ news sites
- **Nearly 300 niche weekly newspapers and niche publications**
 - Information and advertising in 50 daily markets
 - Mid-sized and small markets in 20 states
 - Weekly community newspapers

¹ Customer counts include customers acquired in February 2019



LEADING SOURCE OF LOCAL NEWS

WE PROVIDE HIGHLY-VALUED LOCAL NEWS, INFORMATION AND ADVERTISING IN THE COMMUNITIES WE SERVE



Arizona Daily Sun • Arizona Daily Star • Santa Maria Times • The Sentinel • Napa Valley Register • The Times-News

Elko Daily Free Press • The Pantagraph • The Southern Illinoisan • Herald & Review • Journal Gazette & Times-Courier • The Times • Globe Gazette

Quad-City Times • Muscatine Journal • Dispatch-Argus • Sioux City Journal • The Courier • Daily Journal • St. Louis Post Dispatch • Billings Gazette

The Montana Standard • Independent Record • Missoulian • Ravalli Republic • The Bismarck Tribune • Lincoln Journal Star • Beatrice Daily Sun

Columbus Telegram • Fremont Tribune • The Citizen • The Post-Star • The World • Albany Democrat-Herald • Corvallis Gazette-Times

The Sentinel • The Times and Democrat • Rapid City Journal • The Daily News • Wisconsin State Journal • Daily Citizen • Baraboo News Republic

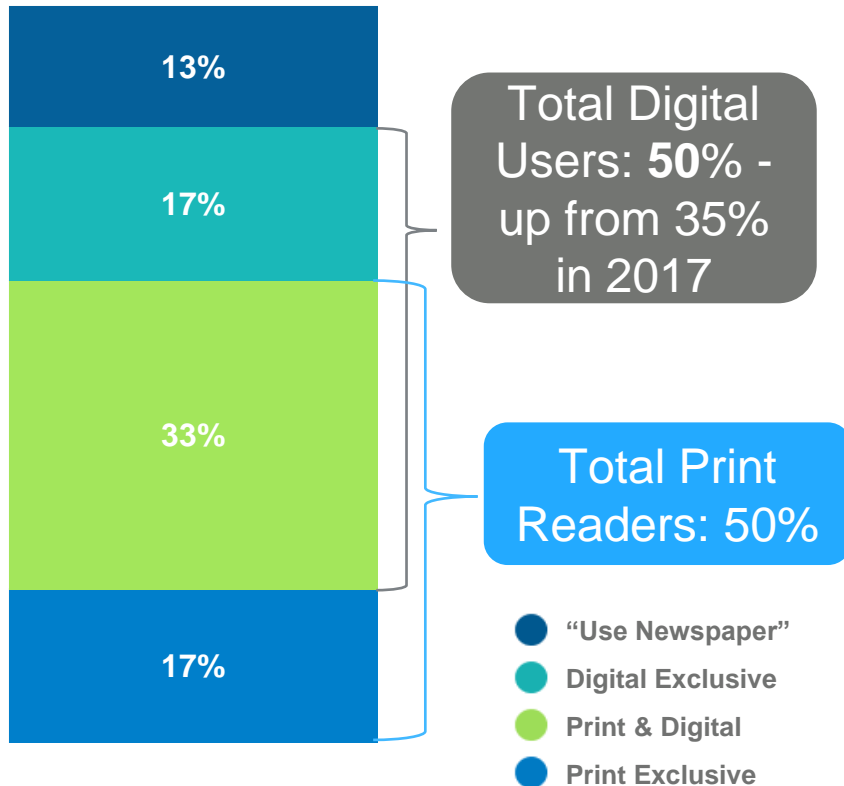
Portage Daily Register • The Journal Times • Kenosha News • La Crosse Tribune • Winona Daily News • The Chippewa Herald • Casper Star-Tribune



LEE'S PUBLICATIONS REACH A HUGE AND DIVERSE AUDIENCE

Lee audience spans all age groups in our markets

79% OF ALL ADULTS IN OUR MARKETS
INTERACT WITH US OVER A 7-DAY PERIOD



AUDIENCE BY AGE GROUP

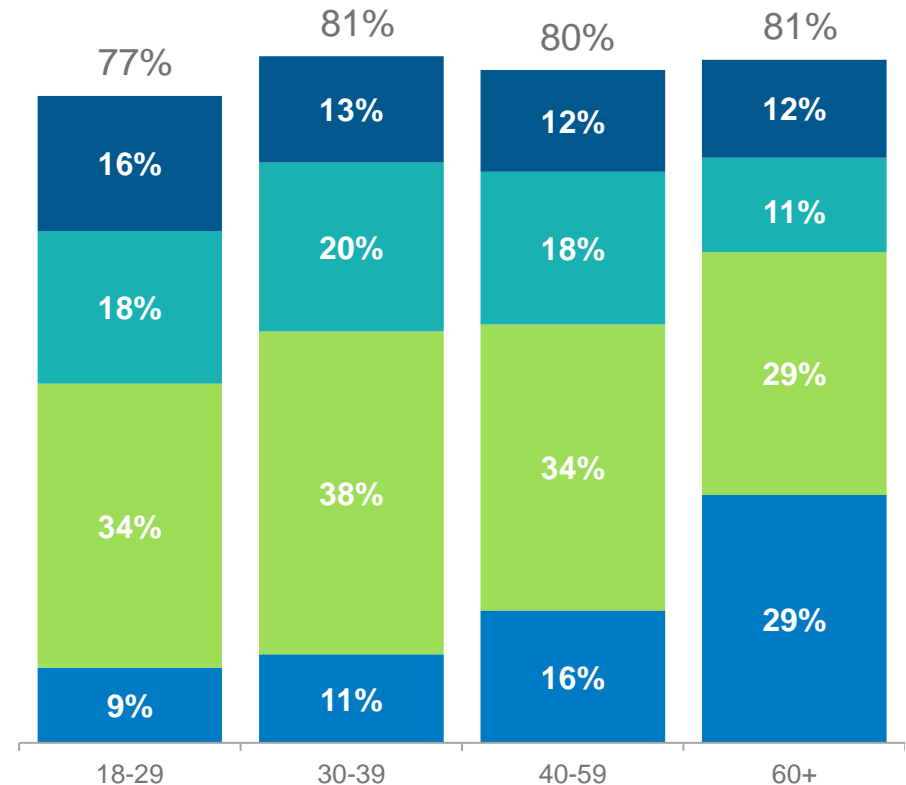


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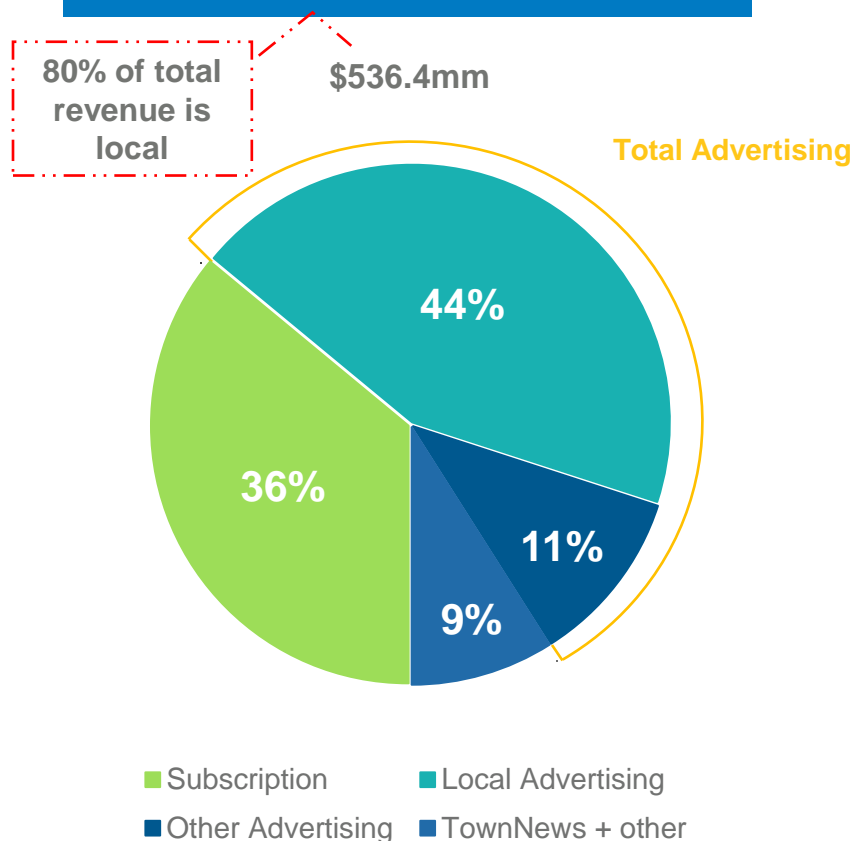
LEE REMAINS FOCUSED ON DRIVING GROWTH THROUGH EFFECTIVE EXECUTION

LOCAL MARKET FOCUS		
LOCAL RETAIL	AUDIENCE	TOWNNEWS AND DIGITAL SERVICES
<ul style="list-style-type: none">▪ Deliver best-in-class digital advertising programs▪ New products / market solutions aimed at SMBs and top accounts▪ Drive loyalty and frequency of visit▪ Customer analysis and segmentation▪ Expand dedicated digital sales resources	<ul style="list-style-type: none">▪ Grow digital only audience and engagement▪ Segmentation, conversion tracking in place▪ Expand premium content▪ Drive adoption and frequency▪ Develop new products and services for existing customers▪ Accelerate mobile-first content and audience	<ul style="list-style-type: none">▪ Capitalize on market share opportunities in print and broadcast▪ Diversify customer base▪ Continue to pursue strategic partnerships and acquisitions▪ Further develop and expand digital services<ul style="list-style-type: none">▪ TCMS, OTT, Now Apps, Games and Mobile deal platforms



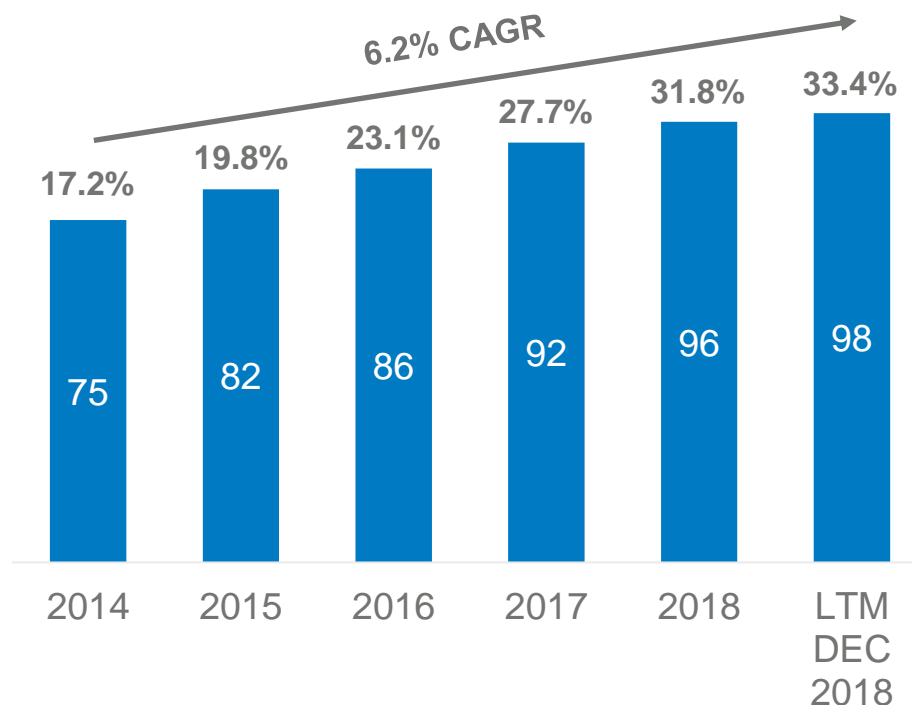
THE VAST MAJORITY OF OUR REVENUE IS LOCAL AND WE HAVE STRATEGIC INITIATIVES TO DRIVE PERFORMANCE

TOTAL REVENUE BY TYPE



DIGITAL ADVERTISING TRANSITION

(\$mm) and % of total advertising revenues



Digital advertising represents 33% of total advertising

CONTROLLABLE RETAIL: EDISON

“Genius is one percent inspiration, ninety-nine percent perspiration”

—Thomas Edison



Turnkey print and digital packages optimized across platforms & price points to drive:

1. REACH
2. FREQUENCY
3. RECENCY

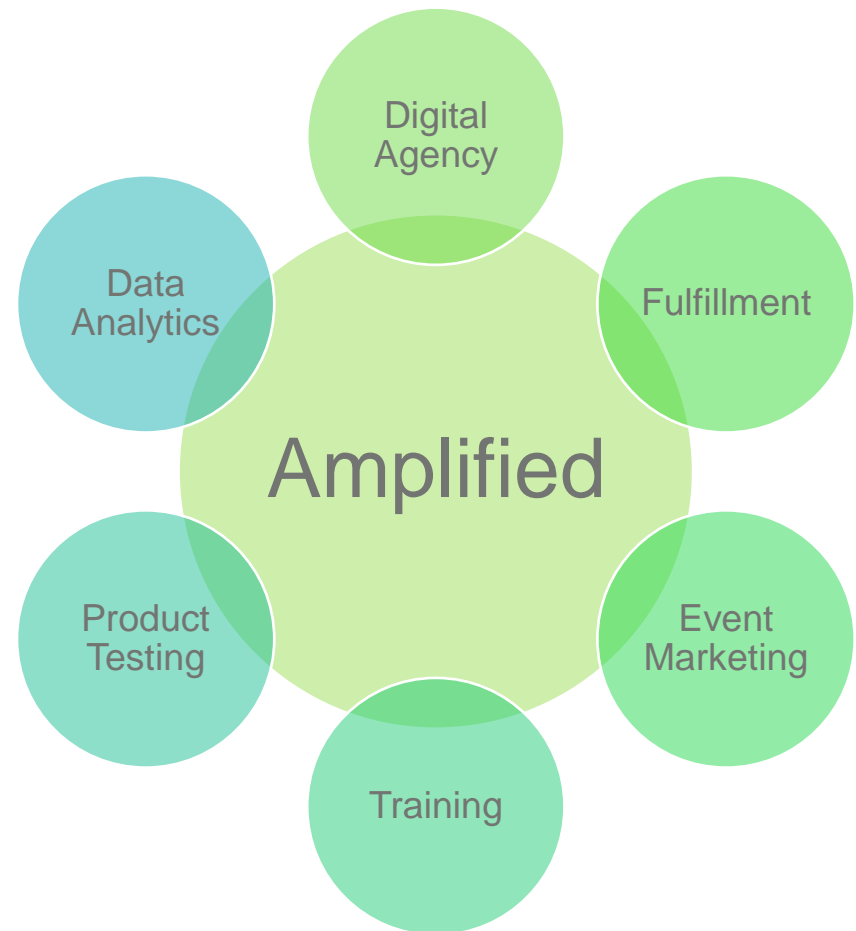
As of December 2018, we have 2,358 Edison customers, which have driven over 17% digital growth



CONTROLLABLE RETAIL: AMPLIFIED AGENCY

To Help Small and Medium Sized Businesses Thrive

- Sophisticated data-driven digital marketing agency
- Launched in 2017 and serves larger markets
- Website development
- Social media management

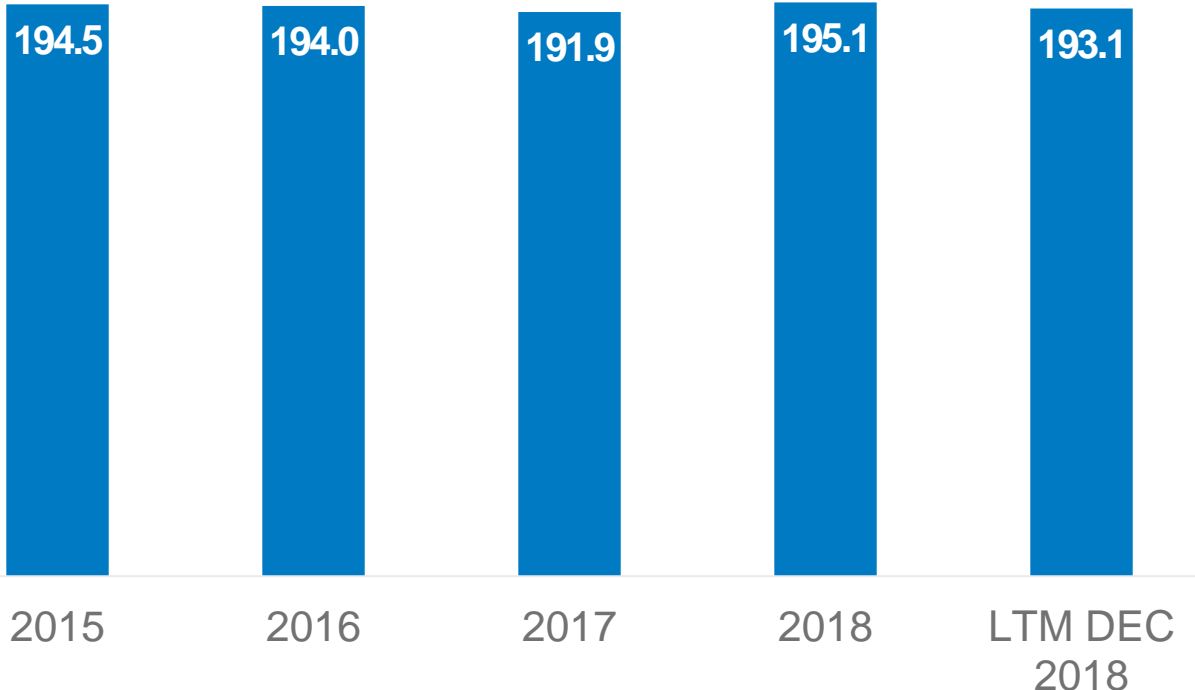


Audience Revenue Growth Has Remained Strong

Accelerating digital only subscriptions

2015-18 CAGR +0.1%

LTM DEC 2018
HIGHLIGHTS



\$USD millions

- Subscription revenue up 0.9%
- Page views +17.3%
- 29 million monthly average unique visitors
- Digital only subscribers up 55.9% in Q1 FY19 over Q1 FY18



News+ Membership Model

Missoulian



Introducing **News+ Membership**, a program for our subscribers, dedicated to offering perks and benefits that are only available to you as a member. **News+ Members** will continue to get the stories and information that makes a difference to them, plus more coupons, offers, and perks that only you as a **member** can get.

PLATINUM

- ✓ Convenient Home Delivery
- ✓ Unlimited Digital Access
- ✓ Premium Content
- ✓ Members Only E-Newsletters
- ✓ Access to Newspaper Archives
- ✓ Faster Browsing Experience
- ✓ No Survey Interruptions
- ✓ 30-Day Gift Subscriptions
- ✓ E-Replica Digital Newspaper
- ✓ Special Discounts & Promotions
- ✓ Select Classified Ad Packages
- ✓ Enhanced Digital News Content
- ✓ No Paper Statement Fees
- ✓ Access to Affiliated Websites

GOLD

- ✓ Convenient Home Delivery
- ✓ Unlimited Digital Access
- ✓ Premium Content
- ✓ Members Only E-Newsletters
- ✓ Access to Newspaper Archives
- ✓ Faster Browsing Experience
- ✓ No Survey Interruptions
- ✓ 30-Day Gift Subscriptions
- ✓ E-Replica Digital Newspaper
- ✓ Special Discounts & Promotions
- ✓ Select Classified Ad Packages

SILVER

- ✓ Convenient Home Delivery
- ✓ Unlimited Digital Access
- ✓ Premium Content
- ✓ Members Only E-Newsletters
- ✓ Access to Newspaper Archives
- ✓ Faster Browsing Experience
- ✓ No Survey Interruptions
- ✓ 30-Day Gift Subscriptions
- ✓ E-Replica Digital Newspaper
- ✓ Special Discounts & Promotions

DIGITAL PLUS

- ✓ Unlimited Digital Access
- ✓ Members Only E-Newsletters
- ✓ Access to Newspaper Archives
- ✓ Faster Browsing Experience
- ✓ No Survey Interruptions
- ✓ 30-Day Gift Subscriptions
- ✓ E-Replica Digital Newspaper

DIGITAL BASIC

- ✓ Unlimited Digital Access
- ✓ Members Only E-Newsletters
- ✓ Access to Newspaper Archives
- ✓ No Survey Interruptions
- ✓ 30-Day Gift Subscriptions

EXPERIENCE **MEMBERSHIP**

Learn more at missoulian.com/members



TOWNNEWS IS A LEADING PROVIDER OF INTEGRATED DIGITAL PUBLISHING AND CONTENT MANAGEMENT SOLUTIONS

- State-of-the-art platform for **creating, distributing, and monetizing** multimedia content
- Nearly **2,000**¹ newspaper, broadcast, magazine, and web-native publications rely on TownNews for their web, print, mobile, and social media products
- BLOX Total Content Management System integrates articles, videos, photos, graphics and other content into a **single system for print, online, and mobile**
- Powerful, **easy-to-use**, and affordable
- Strong contracted incremental revenue in the pipeline
- Powerful team of 70+ employees focused on digital product development



Web & mobile



Video



Social media



OTT



Email



Distributed platforms



T
V

¹ Customer counts include customers acquired in February 2019



MANAGEMENT AGREEMENT WITH BERKSHIRE HATHAWAY

OVERVIEW

- Lee assumed management of BH's newspaper and digital operations in 30 markets beginning July 2, 2018
- Provides Lee with flexibility to implement revenue initiatives and business transformation
- Significant expansion of operating scale, adding 30 markets to Lee's existing 50 markets

TERMS

- Initial term of 5 years with option to renew
- Annual fixed fee of \$5mm plus percentage of profits over benchmarks
- No added infrastructure or cost to Lee
 - BH Media retains operators to deploy strategies and processes
- Ability to repay debt using proceeds from this fee

"Lee Enterprises' growth in digital market share and revenue has outpaced the industry. Lee also has led the industry in overall innovation and performance, all while faithfully fulfilling its public trust as an indispensable source for local news, information and advertising. Our missions and goals match exactly, our markets are similar, and we both have excellent managers. Operating together will strengthen both of us, and Lee is logical to lead the process."

Warren Buffett



MANAGEMENT AGREEMENT WITH BERKSHIRE HATHAWAY

YEAR 1 ACTIONS TAKEN

- Implemented Lee's culture and operating style
- Developed 5-year plan detailing revenue and cost synergies that will be implemented
- Implementation of Lee sales and marketing shared services to improve sales force effectiveness
- Grew digital CPMs and increased programmatic revenue substantially
- Revised audience strategy that drove additional revenue
- Recoded websites to drive user engagement
- Completed significant operational improvements and cost savings at the corporate level
 - Removed \$3.4mm of corporate overhead

FUTURE OPPORTUNITIES

- Implement the Edison Project
- Outsource ad production
- Create and drive efficiencies through regional design centers
- Regionalize and centralize administrative functions
- Drive efficiencies through production insourcing and outsourcing and production site reviews

Incremental revenue largely leverages existing cost base leading to significant EBITDA

Targets¹:

- **\$50M in revenue over 5 years**
- **Greater than \$9M in year 1**

¹ Subject to achieving performance benchmarks; achievement is not assured.



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DISCUSSION OF RECENT PERFORMANCE

Review of Recent Performance

- Q1 2019 operating revenue decreased 5.3%
- Q1 2019 cash costs¹ decreased 4.4% compared to the prior year
- LTM December 2018 Adjusted EBITDA¹ decreased 5.5% to \$128.4 million
- Leverage net of cash of 3.60 times Adjusted EBITDA compared to 3.73 times Adjusted EBITDA one year prior

Revenue Categories

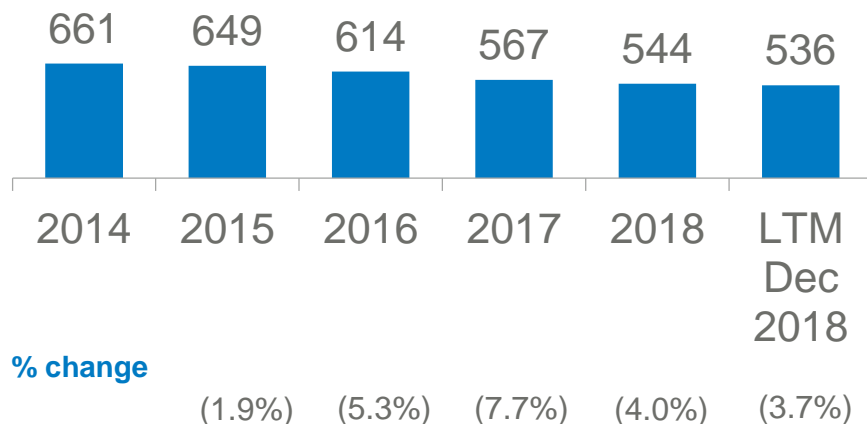
- Advertising and marketing services revenue combined decreased 10.3%, while digital advertising and marketing services revenue increased 8.0%
- Subscription revenue decreased 4.1%
- Total digital revenue, including digital and digital services increased 10.7%
- Mobile, tablet, desktop, and app sites, including TNI and MNI, attracted monthly average visits of 75.4 million, an increase of 3.9% over the prior year, while page views increased 17.3%

¹ Cash costs and Adjusted EBITDA are non-GAAP financial measures. See Appendix for reconciliation to the nearest GAAP measures.

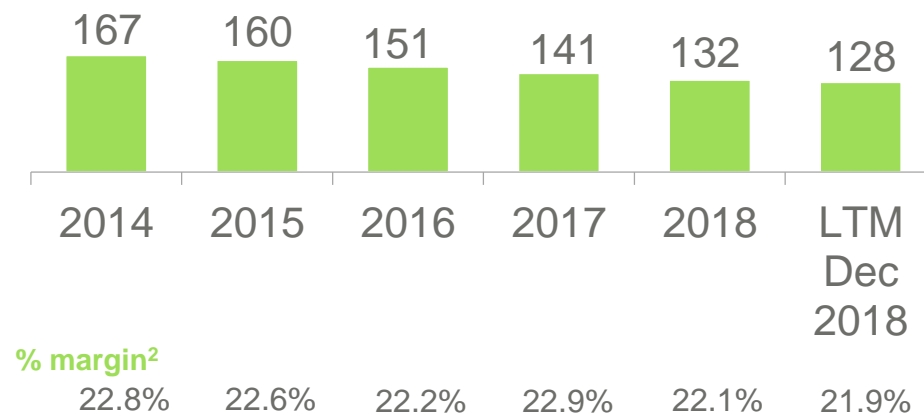


CONSOLIDATED FINANCIAL SUMMARY

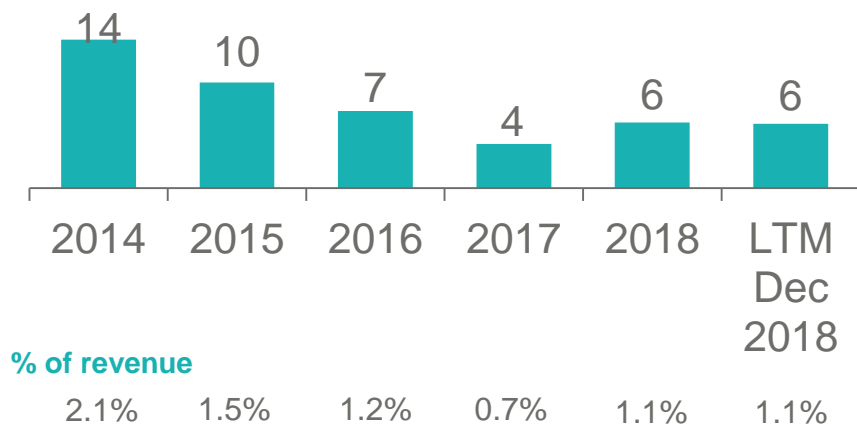
REVENUE (\$mm)



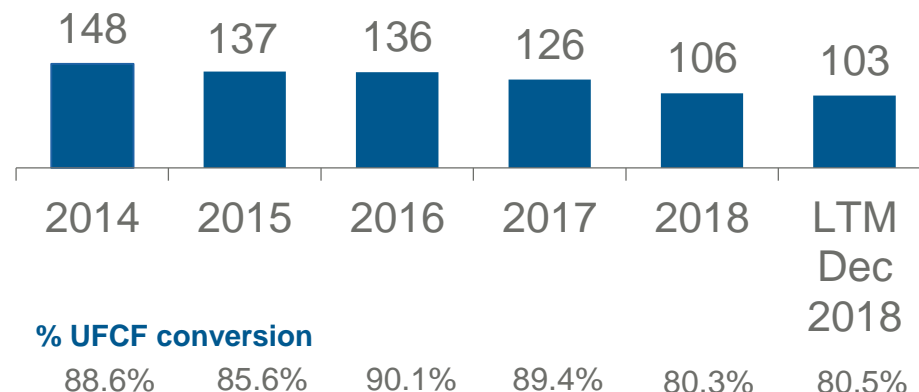
ADJUSTED EBITDA² (\$mm)



CAPEX (\$mm)



UNLEVERED FREE CASH FLOW^{1 2 3} (\$mm)



¹ Unlevered free cash flow is defined as cash flow from operations plus interest expense less capital expenditures.

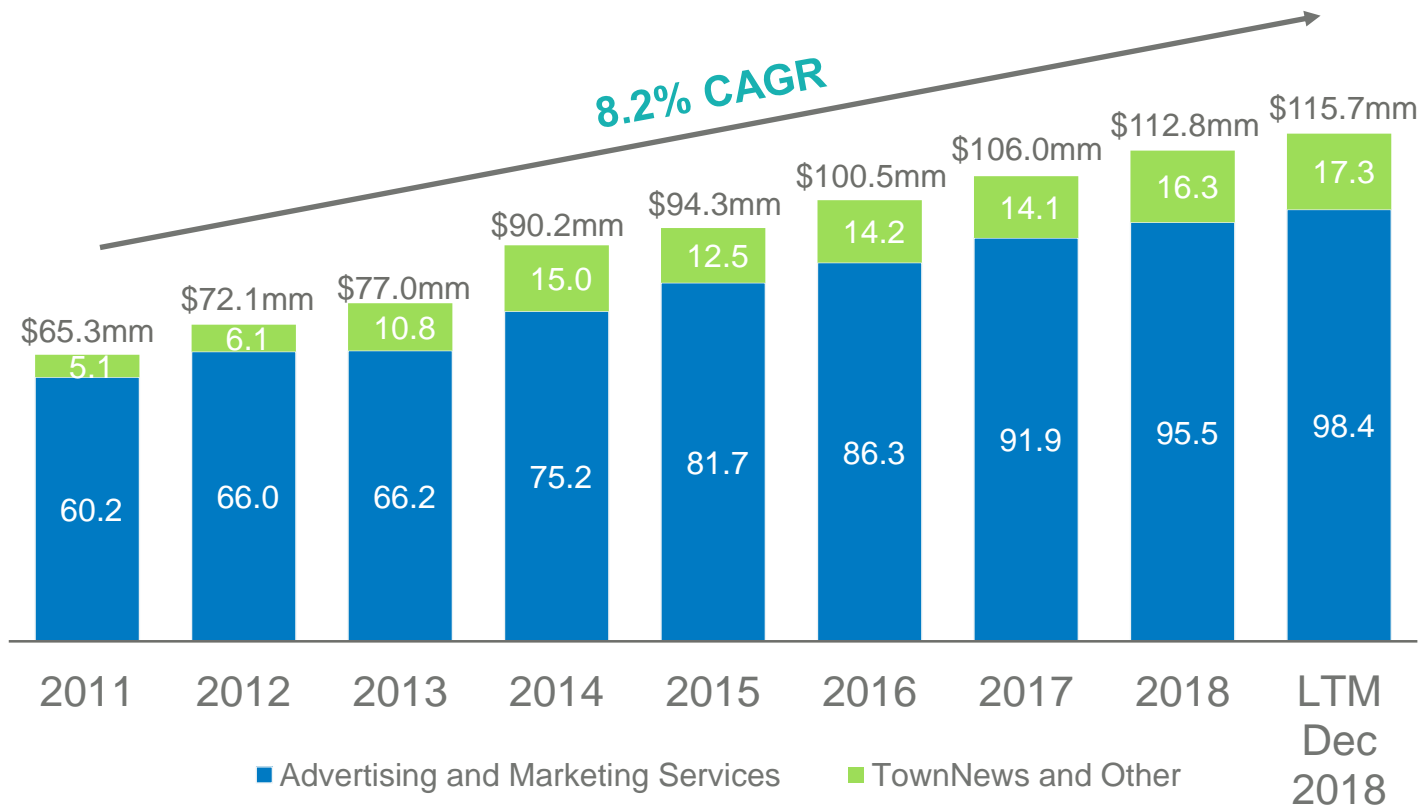
² Adjusted EBITDA, Margin and Unlevered Free Cash Flow are non-GAAP financial measures. See Appendix for reconciliations to the nearest GAAP measures.

³ UFCF conversion defined as (Cash Flow from Operations – Capital Expenditures + Interest Expense)/Adjusted EBITDA



TOTAL DIGITAL PERFORMANCE TREND

Total Digital Revenue (\$mm)



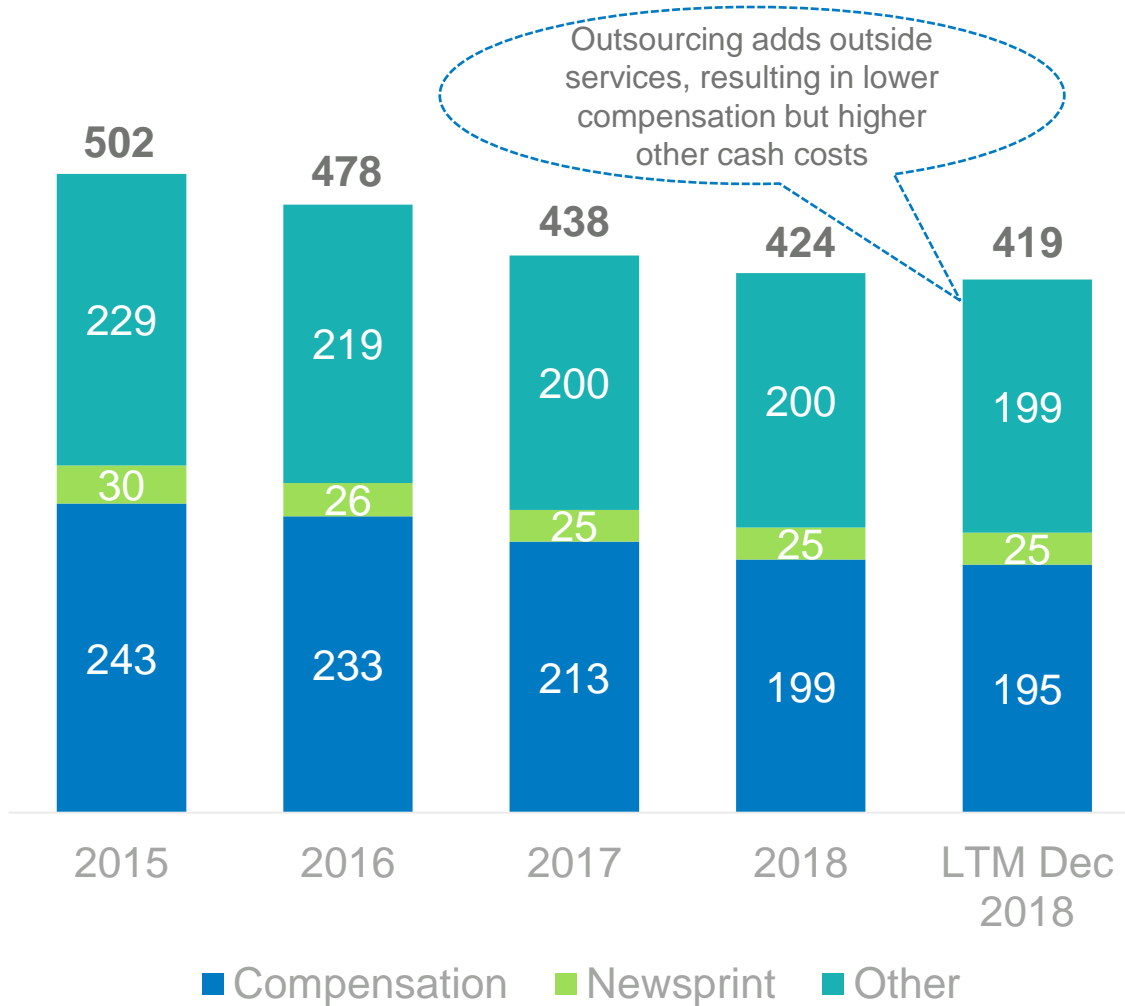
Q1 FY2019 TRENDS

- Digital Advertising and Marketing Services up 8.0%
- TownNews up 25.5%
- TownNews digital services 7-year CAGR is 18.4%



SIGNIFICANT ANNUAL COST CUTS

- Total cash costs¹ excluding workforce adjustments (\$mm)



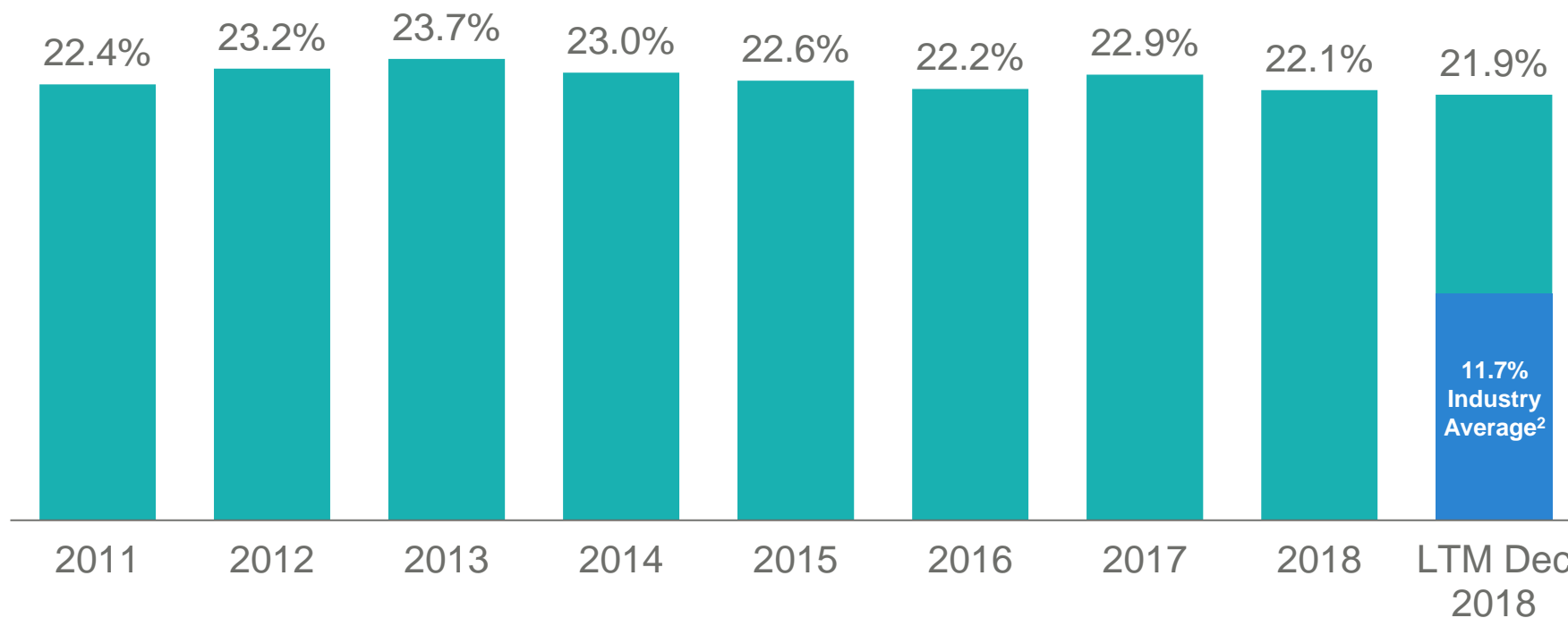
BUSINESS TRANSFORMATION

- Regionalization initiatives:
 - HR
 - Finance
 - Printing
- Centralized design center
 - New page layout
 - Advertising layout
- Ad production outsourcing
- Production process efficiencies and site reviews
- Production outsourcing and insourcing
- More centralization and outsourcing in the future

¹ Cash costs is a non-GAAP financial measure. See Appendix for reconciliation to the nearest GAAP measures.

CONSISTENTLY HIGH MARGINS

Industry-leading margins¹ among peer media companies

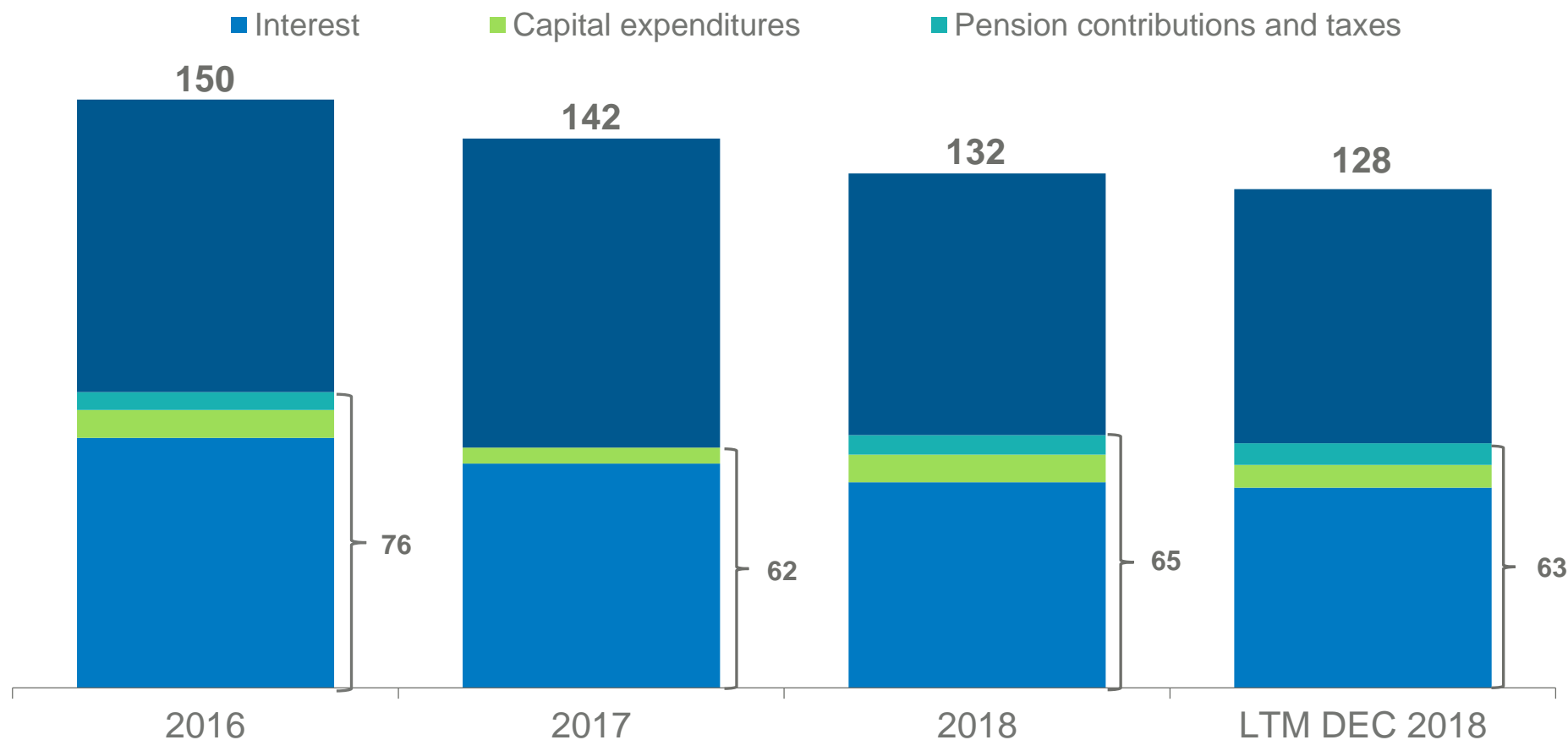


¹ Margin is a non-GAAP financial measure. See Appendix for reconciliation to the nearest GAAP measures.

² Average full-year December 2018 margins for MNI, NEWM, TRNC and GCI. Source: SEC Filings.

STRONG ADJUSTED EBITDA¹

All figures in \$mm








¹ Adjusted EBITDA is a non-GAAP financial measure. See Appendix for reconciliation to the nearest GAAP measure.



PEER COMPARISON - RESULTS

Adjusted EBITDA has grown from \$89M in 2014 to \$182M in 2018

	 LEE ENTERPRISES	 GANNETT	 MCCLATCHY	 NEW MEDIA INVESTMENT GROUP	 TRIBUNE PUBLISHING
Total debt / LTM Adjusted EBITDA (pre-SBC) ²	3.6x	0.9x	6.3x	2.4x	0.1x
Margin ²	21.9%	11.0%	14.6%	11.9%	9.1%
EBITDA Growth (year-over-year) ²	(7.7%)	(10.6%)	(30.9%)	9.5%	(5.9%)
Revenue Growth (year-over-year) ²	(4.4%)	(7.3%)	(10.7%)	(5.7%) ¹	(12.3%) ¹
Acquisition spending since 2014 (millions) ²	~\$7	~\$668	\$0	~\$1,015	~\$193
UFCF Conversion ³	80.5%	37.0%	81.8%	73.7%	9.7%
Digital advertising revenue (% of total ad revenue) ⁴	33.4%	32.9%	43.2%	N/A	21.6%
Monthly unique visitors (millions) ⁵	29	126	66	54	N/A
# of markets ⁶	50	109	29	581	8
# top 25 markets ⁵	1	3	4	1	5

- Lee strongly outperforms peers on margin and cash flow generation
- Lee operates in attractive, locally focused markets with a loyal audience base, unlike most of its peers

Source: Company filings; MergerMarket, FactSet as of 3/13/19; AAM as of 3/21/19

Note: "N/A" denotes item company did not report in most recently available financials; ¹ Revenue growth for New Media and Tribune exclude the impact of acquisitions and 53rd week; ² SEC filings from 2014 – present; ³ UFCF conversion is a non-GAAP financial measure and is defined as (Cash Flow from Operations – Capital Expenditures + Interest Expense)/Adjusted EBITDA. Please see appendix for reconciliation to its nearest GAAP measure; ⁴ As reported; ⁵ As of December 31, 2018; ⁶ Metropolitan statistical areas as defined by the United States Office of Management and Budget (OMB) as of July 1, 2017



FINANCIAL POLICY

Leverage

- Gross leverage target of 2.5x Adjusted EBITDA¹

Liquidity

- Maintain strong liquidity through revolver and balance sheet cash
- Consistent, positive free cash flow generation

Use of Cash

- Plan to use substantially all of free cash flow to reduce debt
- Pension funding and income tax requirements
- No dividends expected in near term

M&A

- May make modest acquisitions in the digital space, but do not expect transformational M&A activity
- Will consider divestitures to de-lever the Company

¹Adjusted EBITDA is a non-GAAP financial performance measure that isolates unusual, infrequent or non-cash transactions from the operating performance of the business



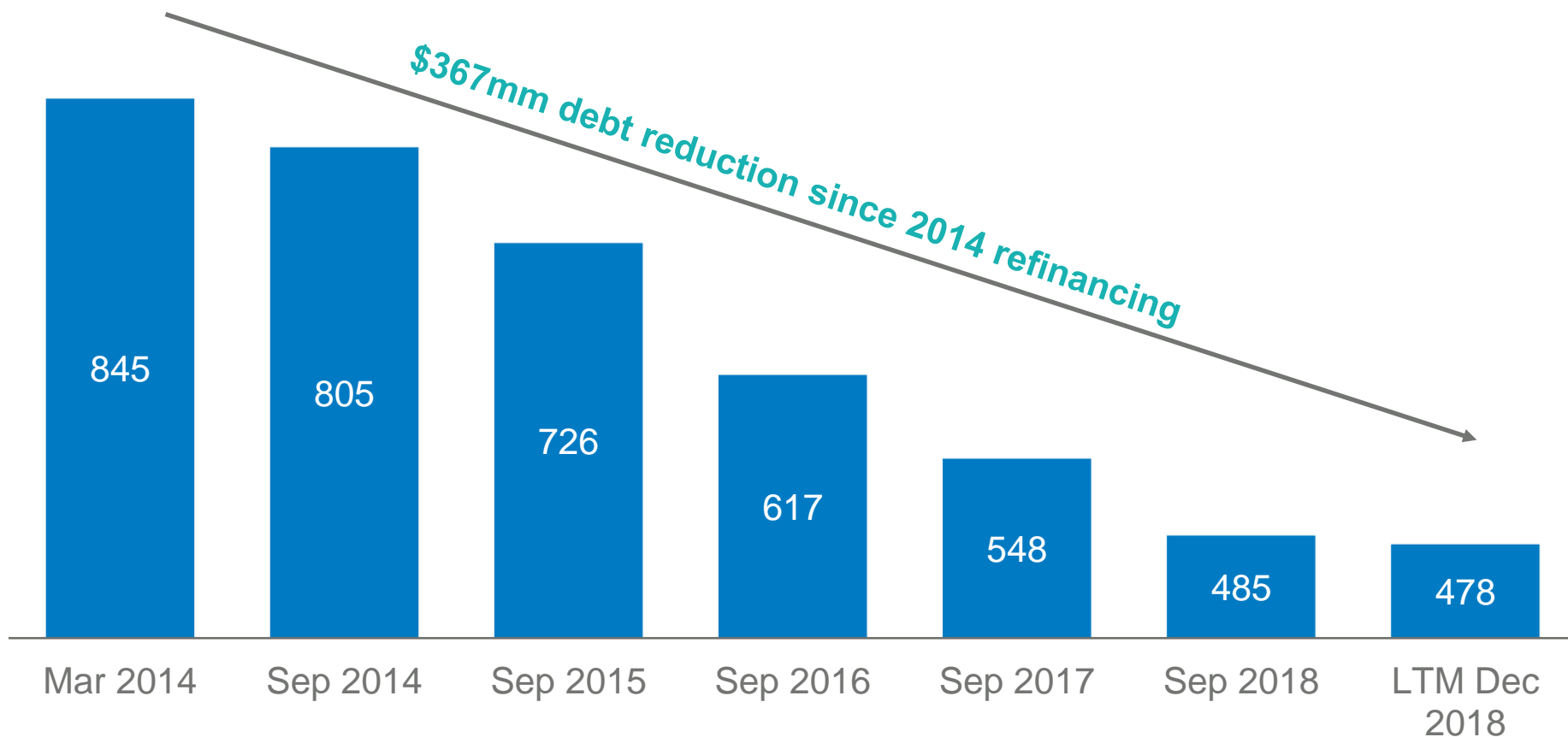
LEE CAPITALIZATON

(\$mm)	Coupon	Maturity	As of 12/30/18	
			Amount	x Adjusted EBITDA
Cash & cash equivalents			\$16	
\$40mm First Out R/C Facility	L+550	Dec-19		
1 st Lien Senior Secured Notes	9.50%	Mar-22	385	
Total 1st Lien Debt			\$385	3.0x
2 nd Lien Term Loan	12.00%	Dec-22	93	
Total 2nd Lien Debt			\$93	0.7x
Total Debt			\$478	3.7x
Net Debt			\$462	3.6x
12/30/18 LTM Adjusted EBITDA			\$128	



AGGRESSIVE DEBT REDUCTION

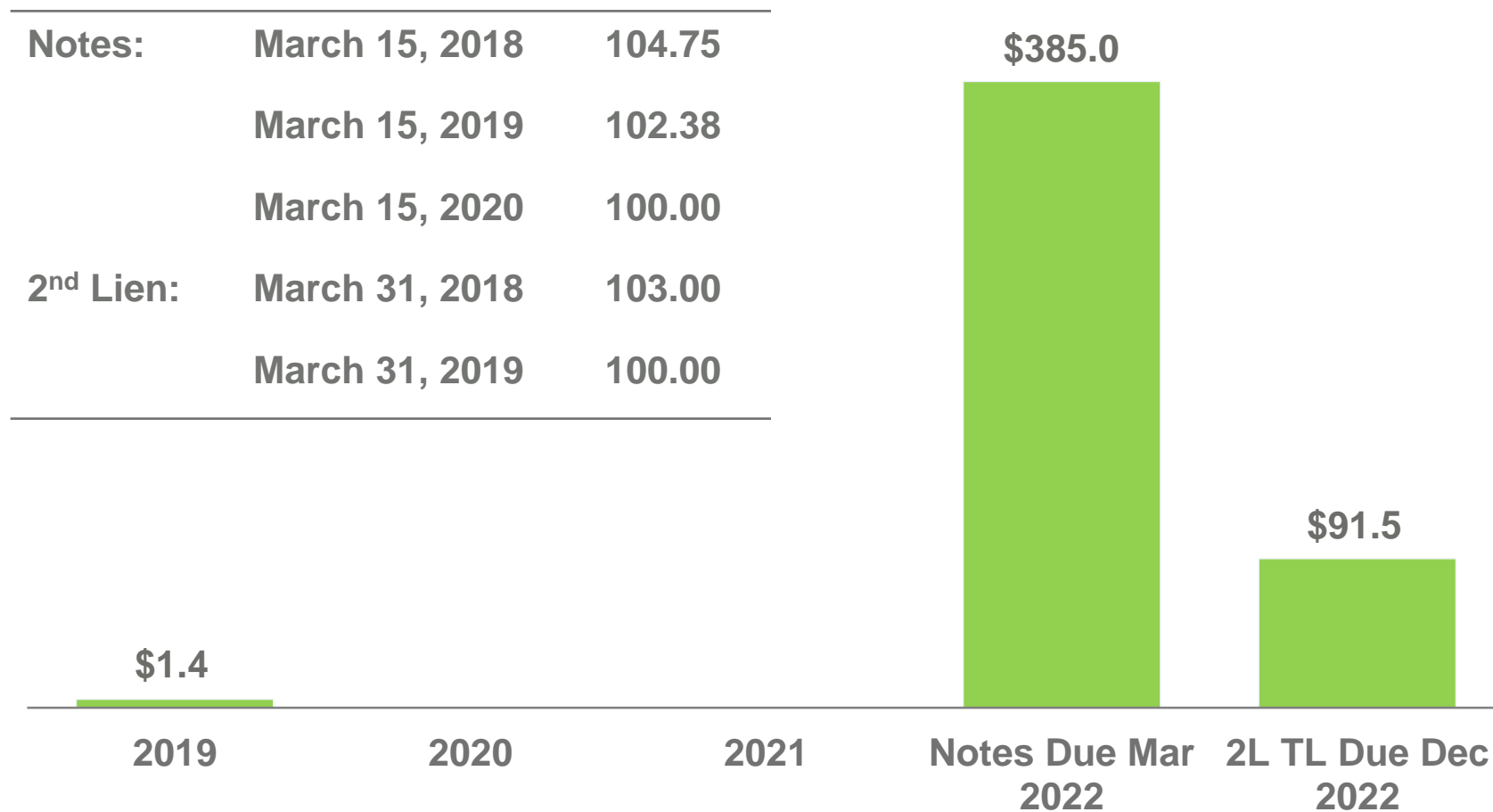
Debt¹ reduction since 2014 refinancing (\$mm)



¹ Amounts represents the principal amount of debt

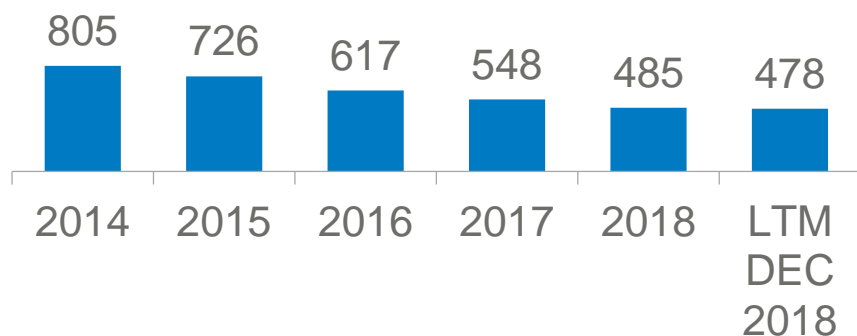
DEBT MATURITIES (\$mm)

Call Premiums



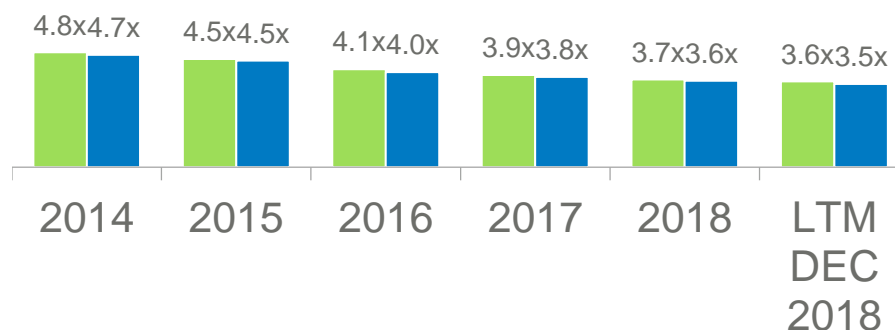
KEY CREDIT STATISTICS

TOTAL DEBT (\$mm)

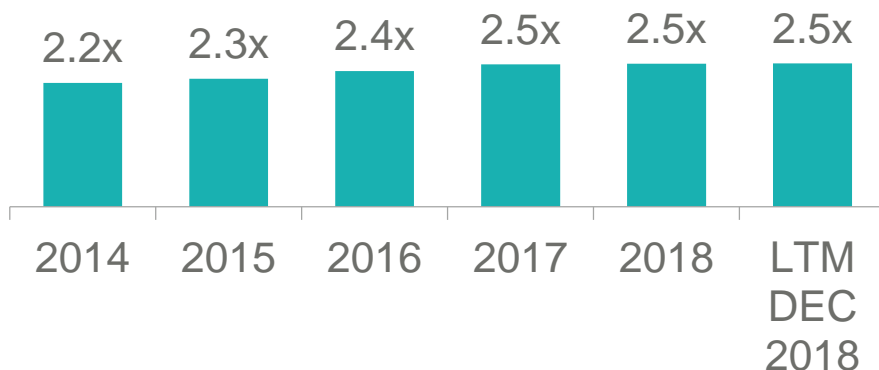


DEBT / ADJUSTED EBITDA¹

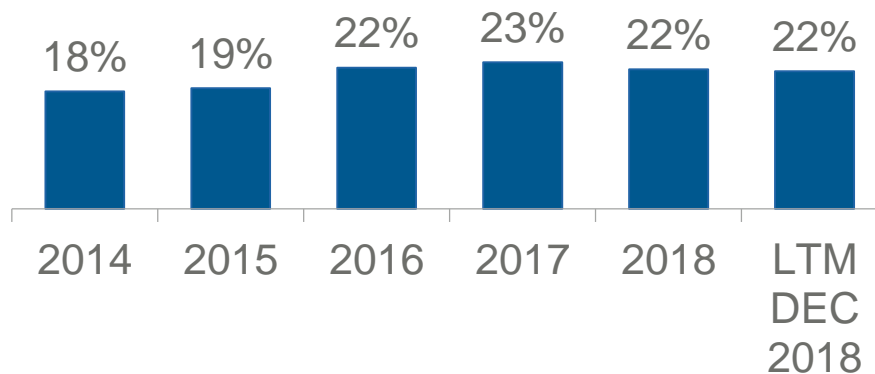
■ Total Debt ■ Net Debt



ADJUSTED EBITDA¹ / CASH INTEREST



UNLEVERED FREE CASH FLOW¹ / DEBT



¹ Adjusted EBITDA and Unlevered Free Cash Flow are non-GAAP financial measures. See Appendix for reconciliation to the nearest GAAP measures.



SUMMARY

CONFIDENT ABOUT LEE'S FUTURE

- ✓ Top of the industry in digital transformation
- ✓ Right transformational strategy
- ✓ Leading source of news, information and advertising in attractive midsize markets
- ✓ Huge local audiences with strength across all age groups; growing digital audiences and revenue
- ✓ Successfully executed digital only audience growth
- ✓ Leader in digital innovation



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RELEVANT BACKGROUND

- Lee has a fiscal year ending the last Sunday in September.
- Reported revenue, expenses and results exclude 50% owned ventures in Tucson, AZ (“TNI”) and Madison, WI (“MNI”), which are accounted for using the equity method.
- All information has been restated to exclude divestitures.
- Results in 2014 and 2015 include the impact of a subscription-related expense reclassification as a result of moving to fee-for-service delivery contracts at several of our newspapers. This reclassification increased both print subscription revenue and operating expenses with no impact on Adjusted EBITDA or operating income. Certain delivery expenses were previously reported as a reduction of revenue.



NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related GAAP financial measure. However, we believe the use of non-GAAP financial measures provides meaningful supplemental information with which to evaluate our financial performance, or assist in forecasting and analyzing future periods. We also believe 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 and its ability to meet debt service requirements.

We define our non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, as follows:

Adjusted EBITDA is a non-GAAP financial performance measure that enhances financial statement users' overall understanding of the operating performance of the Company. The measure isolates unusual, infrequent or non-cash transactions from the operating performance of the business. This allows users to easily compare operating performance among various fiscal periods and how management measures the performance of the business. This measure also provides users with a benchmark that can be used when forecasting future operating performance of the Company that excludes unusual, nonrecurring or one time transactions. Adjusted EBITDA is also a component of the calculation used by stockholders and analysts to determine the value of our business when using the market approach, which applies a market multiple to financial metrics. It is also a measure used to calculate the leverage ratio of the Company, which is a key financial ratio monitored and used by the Company and its investors. Adjusted EBITDA is defined as net income (loss), plus non-operating expenses, income tax expense (benefit), depreciation and amortization, assets loss (gain) on sales, impairments and other, restructuring costs and other, stock compensation and our 50% share of EBITDA from TNI and MNI, minus equity in earnings of TNI and MNI and curtailment gains.

Cash Costs represent a non-GAAP financial performance measure of operating expenses which are measured on an accrual basis and settled in cash. This measure is useful to investors in understanding the components of the Company's cash-settled operating costs. Generally, the Company provides forward-looking guidance of Cash Costs, which can be used by financial statement users to assess the Company's ability to manage and control its operating cost structure. Cash Costs are defined as compensation, newsprint and ink and other operating expenses. Depreciation and amortization, assets loss (gain) on sales, impairments and other, other non-cash operating expenses and other expenses are excluded. Cash Costs also exclude restructuring costs and other, which are typically paid in cash.

"Margin", represents a non-GAAP financial performance measure of revenue less total cash costs, also a non-GAAP financial measure. This measure is useful to investors in understanding the profitability of the Company after direct cash costs related to the production and delivery of products are paid. Margin is also useful in developing opinions and expectations about the Company's ability to manage and control its operating cost structure in relation to its peers. This non-GAAP financial measure is reconciled below to operating income, the most closely comparable GAAP measure.

Unlevered Free Cash Flow represents a non-GAAP financial performance measure of cash flow from operations plus interest expense less capital expenditures. This measure is useful to investors in understanding how much cash flow from operations is available for financing and investing activities after internal capital requirements are met and before interest is paid to debt holders. As operating cash flow includes interest expense, this metric provides a benchmark for investors to understand the cashflow generated from the companies operations without regard to its capital structure. The most closely comparable GAAP measure is cash flow from operations, which is a component of unlevered free cash flow.

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LTM DECEMBER 2018 FINANCIAL RESULTS

	(\$MM)									
	% Var		% Var		% Var		% Var		LTM Dec	% Var
	2018Q2	YoY ¹	2018Q3	YoY ¹	2018Q4	YoY ¹	2019Q1	YoY ¹	2018	YoY ¹
Advertising and Marketing Services	71,553	(7.7)	73,538	(9.5)	73,695	(7.4)	75,962	(10.3)	294,749	(8.7)
Subscription	45,972	2.1	48,165	1.6	52,703	4.1	46,268	(4.1)	193,107	0.9
Other	10,280	(5.2)	10,915	2.0	13,348	32.8	13,971	28.7	48,514	14.3
Total Revenue	127,805	(4.2)	132,618	(4.8)	139,746	(0.3)	136,201	(5.3)	536,370	(3.7)
Cash Costs ¹	104,317	(3.3)	104,170	(3.8)	107,464	1.6	103,120	(4.7)	419,071	(2.6)
Margin	23,488	(8.2)	28,448	(8.9)	32,282	(6.6)	33,021	(7.0)	117,299	(7.6)
Margin %	18.4%		21.5%		23.1%		24.3%		21.9%	
Adjusted EBITDA	26,070		31,061		35,147		36,145		128,423	

¹ Cash costs for compensation have been adjusted to reclassify certain components of net periodic pension costs which were previously recognized in compensation.



NON-GAAP RECONCILIATION (\$MM)

	2011		2012		2013		2014		2015		2016		2017		2018		LTM Dec 2018	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Total operating revenue	726.0		706.9		674.7		656.7		648.5		614.4		566.9		544.0		536.4	
Operating expenses:																		
Compensation	285.4	39.3%	278.0	39.3%	258.1	38.3%	248.6	37.8%	242.6	37.4%	233.4	38.0%	212.5	37.5%	199.2	36.6%	194.6	36.3%
Newsprint and ink	55.8	7.7%	51.6	7.3%	43.5	6.4%	38.0	5.8%	30.3	4.7%	26.1	4.2%	24.9	4.4%	24.9	4.6%	25.4	4.7%
Other cash costs	222.3	30.6%	213.5	30.2%	213.0	31.6%	219.3	33.4%	229.2	35.3%	218.7	35.6%	199.8	35.2%	199.7	36.7%	199.0	37.1%
Total cash costs	563.5	77.6%	543.2	76.8%	514.6	76.3%	505.8	77.0%	502.1	77.4%	478.2	77.8%	437.1	77.1%	423.8	77.9%	419.1	78.1%
Margin	162.5	22.4%	163.7	23.2%	160.1	23.7%	150.9	23.0%	146.4	22.6%	136.3	22.2%	129.8	22.9%	120.2	22.1%	117.3	21.9%
Restructuring costs and other	3.9	0.5%	4.6	0.6%	2.7	0.4%	1.3	0.2%	3.3	0.5%	1.8	0.3%	7.5	1.3%	5.6	1.0%	5.1	1.0%
Depreciation and amortization							48.5		45.7		40.3		37.6		31.8		31.2	
Assets loss (gain) on sales, impairments and other							1.6		0		2.2		2.5		6.4		6.3	
Total operating expenses							561.4		551.1		522.5		484.7		467.5		461.8	
Equity in earnings of associated companies							8.3		8.3		8.5		7.6		9.2		9.0	
Operating income (loss)							107.8		105.7		100.4		89.8		85.7		83.6	
Total non-operating expense, net							(104.7)		(67.8)		(42.2)		(49.6)		(54.9)		(56.0)	
Income tax (expense) / benefit							(14.0)		(13.6)		(22.2)		(11.6)		16.2		(8.0)	
Net income (loss)							7.7		24.3		36.0		28.6		47.0		19.6	
Adjust to exclude:																		
Income tax expense (benefit)							6.3		13.6		22.2		11.6		(16.2)		8.0	
Non-operating expenses, net							93.7		67.9		42.2		49.6		54.9		56.0	
Equity in earnings of TNI and MNI							(8.3)		(8.3)		(8.5)		(7.6)		(9.2)		(9.0)	
Depreciation and Amortization							48.5		45.7		40.3		37.6		31.8		31.2	
Stock compensation							1.5		2.0		2.3		2.1		1.9		1.8	
Restructuring costs and other							1.3		3.3		1.8		7.5		5.6		5.1	
Assets loss (gain) on sales, impairments and other							1.6		-		2.2		2.5		6.4		6.3	
Add:																		
Ownership share of TNI and MNI EBITDA							11.2		11.2		11.7		9.9		9.9		9.3	
Adjusted EBITDA							162.0		159.6		150.2		141.8		131.9		128.4	
Cash flow from Operations							82.1		74.5		79.2		72.3		59.3		75.5	
Less: Capital Expenditures							(13.7)		(9.7)		(7.1)		(4.1)		(6.0)		(5.9)	
Plus: Interest Expense							79.7		72.4		64.2		57.6		52.8		51.4	
Unlevered Free Cash Flow							148.1		137.2		136.3		125.8		106.1		103.0	



PENSION AND POST RETIREMENT FUNDING STATUS

('000s)

Pension Plans	Sep 2018		Sep 2017	
	Pension	Medical	Pension	Medical
Assets ¹	151,255	24,647	149,762	24,626
Benefit Obligation ¹	176,531	11,756	191,645	13,606
Amount over (under funded)	(25,276)	12,891	(41,883)	11,020
Discount rates used to value benefit obligation ^{1 2}	4.2%	4.0%	3.7%	3.4%
Annual contributions (medical plan withdrawals) ³	4,940	(1,209)	-	(834)
Annual expense (benefit) ⁴	(242)	(2,487)	411	(3,192)

¹ Benefit obligation calculated by actuaries in September each year.

² Discount rates are determined by actuaries as of September 30 of each year. Discount rates for other quarters are estimated by investment advisors.

³ Medical plan withdrawals fund benefits of eligible active employees, net of contributions to the plan. Pension contributions in future years are estimated to be as follows: FY2020 – 5,000; FY2021 – 6,000

⁴ Beginning in FY 2019, the majority of the negative expense was reclassified outside of operating income. As a result, compensation expense is expected to increase by approximately \$2.8 million and adjusted EBITDA is expected to decline \$2.8 million on an annual basis. This change was retrospectively applied to all historical periods in our consolidated financial statements and throughout this presentation.

