LEE ENTERPRISES, INC
Form 10-K
December 10, 2010

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 26, 2010

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 [ ] No [X]

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 whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this Chapter) during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes [ ] No [ ]

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

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 (Do not check if a smaller reporting company) [ ] Smaller Reporting Company [ ]

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 28, 2010: approximately $141,794,000. 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, 2010. Common Stock, $2 par value, 39,332,296 shares and Class B Common Stock, $2 par value, 5,618,075 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement to be filed in January 2011 are incorporated by reference in Part III of this Form 10-K.

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Part IV

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References to “we”, “our”, “us” and the like throughout this document refer to Lee Enterprises, Incorporated (the "Company").

References to 2010, 2009, 2008 and the like mean the fiscal years ended the last Sunday in September.

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 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, and comply with or obtain amendments or waivers of the financial covenants contained in our credit facilities, if necessary.

Other risks and uncertainties include the impact and duration of continuing adverse economic conditions, changes in advertising demand, potential changes in newsprint and other commodity prices, energy costs, interest rates and the availability of credit due to instability in the credit markets, labor costs, legislative and regulatory rulings, difficulties in achieving planned expense reductions, maintaining employee and customer relationships, increased capital costs, competition and other risks detailed from time to time in our publicly filed documents.

Any statements that are not statements of historical fact (including statements containing the words “may”, “will”, “would”, “could”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “projects”, “considers” and similar expressions) generally sho 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 report. We do not undertake to publicly update or revise our forward-looking statements.

PART I

We experienced significant net losses in 2009 and 2008, due primarily to non-cash charges for impairment of goodwill and other assets. 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.

ITEM 1. BUSINESS

We are 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 digital products and nearly 300 weekly newspapers and specialty publications in 23 states.

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

PULITZER ACQUISITION

In 2005, we 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 (“TNI”), as discussed more fully below. The acquisition of Pulitzer increased our paid circulation by more than 50% and revenue by more than

60% at that time. The acquisition was financed primarily with debt.

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 supports its related digital products. St. Louis newspaper operations also include the Suburban Journals of Greater St. Louis, a group of weekly newspapers and niche publications that focus on separate communities within the metropolitan area.

Pulitzer and its subsidiaries and affiliates currently publish 12 daily newspapers and support the related digital products, as well as publish approximately 75 weekly newspapers, shoppers and niche publications that serve markets in the Midwest, Southwest and West. In 2006, we sold the assets of The Daily News in Rhinelander, Wisconsin, the smallest of these newspapers. In 2008, we sold the assets of The Daily Chronicle in DeKalb, Illinois.

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TNI Partners

As a result of the acquisition of Pulitzer, we own a 50% interest in TNI, the Tucson, Arizona newspaper partnership. TNI, acting as agent for our subsidiary, Star Publishing Company (“Star Publishing”), and the owner of the remaining 50%, Citizen Publishing Company (“Citizen”), a subsidiary of Gannett Co., Inc., (“Gannett”), is responsible for printing, delivery, advertising and circulation of the Arizona Daily Star and, until May 2009, the Tucson Citizen, as well as their related digital products and specialty publications. In May 2009, Citizen discontinued print publication of the Tucson Citizen.

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. Under the amended and restated operating agreement between Star Publishing and Citizen, the Arizona Daily Star remains the separate property of Star Publishing. Results of TNI are accounted for using the equity method. Income or loss of TNI (before income taxes) is allocated equally to Star Publishing and Citizen.

Until May 2009, upon discontinuation of print publication of the Tucson Citizen, TNI was subject to the provisions of the Newspaper Preservation Act of 1970 which 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.

The TNI agency agreement (“Agency Agreement”), which remains in effect, has governed the operation since 1940. Both the Company and Citizen incur certain administrative costs and capital expenditures that are reported by their individual companies. 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. Star Publishing and Citizen also have a reciprocal right of first refusal to acquire the 50% interest in TNI owned by Citizen and Star Publishing, respectively, under certain circumstances.

MADISON NEWSPAPERS

We own 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, and supports their related digital products. MNI conducts business under the trade name Capital Newspapers. We have a contract to furnish the editorial and news content for the Wisconsin State Journal, which is published by MNI, and periodically provide other services to MNI. 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

Approximately 72% of our 2010 revenue was derived from advertising. Our strategies are to increase our share of local advertising through increased sales activities in our existing markets and, over time, to increase our print and digital audiences through internal expansion into existing and contiguous markets and enhancement of digital products. Our advertising results have historically benchmarked favorably to national averages, as compiled by the Newspaper Association of America (“NAA”).

Several of our 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 and/or production of the publications. Sales penetration can improve if the sales effort is successful in cross-selling advertising into multiple publications and digital. A table under the caption “Daily Newspapers and Markets” in Item 1, included herein, identifies those groups of our newspapers operating in clusters.

Our newspapers, classified and specialty publications, and digital products compete with newspapers having national or regional circulation, magazines, radio, network, cable and satellite television, other advertising media such as outdoor, mobile, and movie theater promotions, other classified and specialty publications, direct mail, yellow pages directories, as well as other information content providers such as digital 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 our daily and Sunday newspapers compete with other local daily or weekly newspapers. We estimate we capture a substantial share of the total advertising dollars spent in each of

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our markets.

The number of competitors in any given market varies. However, all of the forms of competition noted above exist to some degree in our markets, including those listed in the table under the caption “Daily Newspapers and Markets” in Item 1, included herein.

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, legal 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 higher media fragmentation.

Digital advertising consists of display, banner, behavioral targeting, search, rich media, directories, classified or other advertising on websites or mobile devices associated and integrated with our print publications, other digital applications, or 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.

Our many geographic markets have differences in their advertising rate structures, some of which are highly complex. A single operation 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. Our enterprises are primarily located in midsize and smaller markets. Historically these markets have been more stable than major metropolitan markets during downturns in advertising spending but may not experience increases in such spending as significant as those in major metropolitan markets in periods of economic improvement.

DIGITAL ADVERTISING AND SERVICES

Our digital activities include websites supporting each of our daily newspapers and certain of our other publications. Certain of our website content is also available through output to mobile devices, including telephones and tablet devices. In addition, we also support a number of discrete mobile applications, such as for high school, college and professional sports. Digital activities of the newspapers are reported and managed as a part of our publishing operations.

In 2007, in conjunction with several other major publishing organizations (“Consortium”), we entered into a strategic alliance with Yahoo!, in which the Consortium offers its classified employment advertising customer base the opportunity to also post job listings and other employment products on Yahoo!'s HotJobs national platform. The

HotJobs platform was acquired in August 2010 by Monster Worldwide, Inc., which has assumed the relationship with the Consortium under the original Yahoo! contract. In addition, the Consortium and Yahoo! have worked together to provide new behavioral targeting, search, content and local applications across the newspapers' digital products, further enhancing the value of these sites as a destination for digital users. The Consortium currently includes more than 30 companies and approximately 800 local newspapers across the United States.

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

Our digital businesses again experienced rapid growth in the second half of 2010 after recession-related declines in 2009 and 2008. Digital advertising represented 9.3% of total advertising revenue in the 13 weeks ended September 26, 2010.

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AUDIENCES

Based on independent research, we estimate that, in an average week, our newspapers and digital products reach approximately 82% of adults in our larger markets. Scarborough Research from 2009 estimates the St. Louis Post-Dispatch has the 3rd largest integrated print and digital audience among the top 25 most populated U.S. markets. Readership by young adults is also significant in our larger markets, as summarized in the table below. We are reaching an increasingly larger share of the markets through the combination of stable newspaper readership and rapid digital audience growth, as illustrated in the table below, as well as through additional specialty and niche publications. In 2010, for the first time, we measured use of our daily newspapers by non-readers ("print users").

Audience reach is summarized as follows:

	All Adults				Age 18-29			
(Percent, Past Seven Days)	2007	2008	2009	2010	2007	2008	2009	2010
Print users [1]	NA	NA	NA	16	NA	NA	NA	23
Print only readers	48	49	45	43	35	38	38	31
Print and digital readers	13	16	16	15	14	18	15	13
Digital only readers	5	6	7	8	6	9	8	9
Total reach	66	71	68	82	55	65	61	77
Total print reach [1]	61	65	61	74	49	56	53	68
Total digital reach	18	22	23	24	20	27	23	22

(1)	Print users not measured prior to 2010. As a result, print reach in 2010 is not comparable to prior periods presented.
Source:	Lee Enterprises Audience Report, Thoroughbred Research. January - June 2007, 2008, 2009 and 2010.
Markets:	St. Louis, MO, Madison, WI, Escondido, CA, Northwest Indiana, Lincoln, NE, Davenport, IA, Billings, MT, Bloomington, IL, Sioux City, IA, Waterloo, IA
Margin of Error:	Total sample +/- 1.1%, Total digital sample +/- 1.3%

After advertising, print circulation is our largest source of revenue. We generally have not charged for digital access to our content. According to Editor and Publisher International Yearbook data as reported by the NAA, nationwide daily newspaper circulation unit sales peaked in 1984 and Sunday circulation unit sales peaked in 1990. For the six months ended September 2010, our daily circulation, which includes TNI and MNI, as measured by the Audit Bureau of Circulations (“ABC”) declined 3.9%, and Sunday circulation declined 4.9%. The industry experienced declines of 4.9% daily and 4.4% Sunday.

Growth in print and digital audiences which reached more than 520 million page views and almost 49 million unique visitors in the 13 weeks ended September 26, 2010, can, over time, also positively impact advertising revenue. Our 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 our products. Customer service can also influence print circulation. In 2010, the introduction of new mobile and tablet applications positively impacted our digital audiences.

Our 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 our senior management. 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 may be sufficient to support more than one daily newspaper.

Our 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 digital sites:

Newspaper	Primary Website	Location	Paid Circulation [1] Daily [2]		Sunday
St. Louis Post-Dispatch	stltoday.com	St. Louis, MO	207,145		365,589
Arizona Daily Star [3]	azstarnet.com	Tucson, AZ	90,604		130,241
Capital Newspapers [4]					
Wisconsin State Journal	madison.com	Madison, WI	87,950		121,947
Daily Citizen	wiscnews.com/bdc	Beaver Dam, WI	8,859		—
Portage Daily Register	wiscnews.com/pdr	Portage, WI	4,328		—
Baraboo News Republic	wiscnews.com/bnr	Baraboo, WI	3,821		—
The Times	nwitimes.com	Munster, Valparaiso, and Crown Point, IN	83,877		91,978
North County Times and the Californian	nctimes.com	Escondido and Temecula, CA	69,991		71,290
Lincoln Group					
Lincoln Journal Star	journalstar.com	Lincoln, NE	67,137		72,939
Columbus Telegram	columbustelegram.com	Columbus, NE	8,075		9,054
Fremont Tribune	fremonttribune.com	Fremont, NE	7,352		—
Beatrice Daily Sun	beatricedailysun.com	Beatrice, NE	5,508		—
Quad-Cities Group					
Quad-City Times	qctimes.com	Davenport, IA	47,166		62,321
Muscatine Journal	muscatinejournal.com	Muscatine, IA	5,939		—
The Pantagraph	pantagraph.com	Bloomington, IL	39,019		42,906
The Courier	wcfcourier.com	Waterloo and Cedar Falls, IA	38,870		46,543
Billings Gazette	billingsgazette.com	Billings, MT	38,660	(7)	45,743
Sioux City Journal	siouxcityjournal.com	Sioux City, IA	35,639	(7)	37,948
The Daily Herald	heraldextra.com	Provo, UT	28,916		41,701
Central Illinois Newspaper Group					
Herald & Review	herald-review.com	Decatur, IL	28,453	(7)	43,439
Journal Gazette	jg-tc.com	Mattoon, IL	8,247		—
Times-Courier	jg-tc.com	Charleston, IL	5,052		—
The Post-Star	poststar.com	Glens Falls, NY	26,798		30,257
River Valley Newspaper Group					
La Crosse Tribune	lacrossetribune.com	La Crosse, WI	26,581		35,387
Winona Daily News	winonadailynews.com	Winona, MN	9,467		10,248
The Chippewa Herald	chippewa.com	Chippewa Falls, WI	5,589	(5)	5,700
The Journal Times	journaltimes.com	Racine, WI	26,373	(7)	29,023
Missoula Group					
Missoulian	missoulian.com	Missoula, MT	26,206	(7)	29,460
Ravalli Republic	ravallinews.com	Hamilton, MT	4,794	(8)	—
The Southern Illinoisan	thesouthern.com	Carbondale, IL	25,981		32,218
The Bismarck Tribune	bismarcktribune.com	Bismarck, ND	25,490		28,722

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Newspaper	Primary Website	Location	Paid Circulation [1] Daily [2]		Sunday
Rapid City Journal	rapidcityjournal.com	Rapid City, SD	25,185		30,139
Casper Star-Tribune	trib.com	Casper, WY	24,121		26,012
The Daily News	tdn.com	Longview, WA	20,152	(7)	20,078
Magic Valley Group					
The Times-News	magicvalley.com	Twin Falls, ID	19,431	(7)	21,059
Elko Daily Free Press	elkodaily.com	Elko, NV	5,792	(8)	—
Central Coast Newspapers					
Santa Maria Times	santamariatimes.com	Santa Maria, CA	16,351		14,686
The Lompoc Record	lompocrecord.com	Lompoc, CA	4,136	(6)	4,173
Mid-Valley News Group					
Albany Democrat-Herald	democratherald.com	Albany, OR	14,999	(7)	15,581
Corvallis Gazette-Times	gazettetimes.com	Corvallis, OR	10,284	(7)	10,413
Globe Gazette	globegazette.com	Mason City, IA	14,864	(7)	19,389
Napa Valley Register	napavalleyregister.com	Napa, CA	13,992		13,805
The Times and Democrat	thetandd.com	Orangeburg, SC	13,395	(7)	14,182
Independent Record	helenair.com	Helena, MT	13,292		14,067
The Sentinel	cumberlink.com	Carlisle, PA	12,780	(7)	14,129
The Montana Standard	mtstandard.com	Butte, MT	12,556	(7)	12,710
Arizona Daily Sun	azdailysun.com	Flagstaff, AZ	10,392	(7)	10,803
The World	theworldlink.com	Coos Bay, OR	10,260		—
The Sentinel	hanfordsentinel.com	Hanford, CA	9,575		—
The Garden Island	kauaiworld.com	Lihue, HI	9,122	(7)	8,762
The Citizen	auburnpub.com	Auburn, NY	8,903		11,033
The Ledger Independent	maysville-online.com	Maysville, KY	7,004		—
Daily Journal	dailyjournalonline.com	Park Hills, MO	6,478	(7)	6,886
			1,380,951		1,652,561

(1) Source: ABC: Six months ended September 2010, unless otherwise noted.
(2) Daily amounts are Monday - Friday average, unless otherwise noted.
(3) Owned by Star Publishing but published through TNI.
(4) Owned by MNI.
(5) Daily amounts are Monday - Thursday average and Saturday.
(6) Daily amounts are Tuesday - Friday average.
(7) Daily amounts are Monday - Saturday average.
(8) Source: Company statistics.

NEWSPRINT

The basic raw material of newspapers, and classified and specialty publications, is newsprint. We purchase newsprint from U.S. and Canadian producers. We believe we will continue to receive a supply of newsprint adequate for our needs and consider our 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 2009 and September 2010, the Resource Information Systems Incorporated ("RISI") 30-pound index rose 43.4% in the eastern United States and 40.2% in the west. Price fluctuations can have a significant effect on our results of operations. We have not entered into derivative contracts for newsprint. For the quantitative impacts of these fluctuations, see Item 7A, “Quantitative and Qualitative Disclosures about Market Risk”, included herein.

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EXECUTIVE TEAM

The following table lists our executive team members as of November 30, 2010:

Name	Age	Service With The Company	Named To Current Position	Current Position
Mary E. Junck	63	June 1999	January 2002	Chairman, President and Chief Executive Officer
Joyce L. Dehli	52	August 1987	February 2006	Vice President - News
Paul M. Farrell	54	May 2007	May 2007	Vice President - Sales & Marketing
Suzanna M. Frank	40	December 2003	March 2008	Vice President - Audience
Karen J. Guest	57	July 2006	July 2006	Vice President - Law and Chief Legal Officer
Michael R. Gulledge	50	October 1982	May 2005	Vice President - Publishing
Daniel K. Hayes	65	September 1969	September 2005	Vice President - Corporate Communications
Brian E. Kardell	47	January 1991	August 2003	Vice President - Production and Chief Information Officer
Vytenis P. Kuraitis	62	August 1994	January 1997	Vice President - Human Resources
Kevin D. Mowbray	48	September 1986	November 2004	Vice President - Publishing
Gregory P. Schermer	56	February 1989	November 1997	Vice President - Interactive Media
Carl G. Schmidt	54	May 2001	May 2001	Vice President, Chief Financial Officer and Treasurer
Greg R. Veon	58	April 1976	November 1999	Vice President - Publishing

Mary E. Junck was elected Chairman, President and Chief Executive Officer in 2002.

Joyce L. Dehli was appointed Vice President - News in February 2006. From April 2005 to February 2006, she served as Director of Editorial Development.

Paul M. Farrell was appointed Vice President - Sales & Marketing in May 2007. From 2004 to May 2007 he served as Senior Vice President of The Providence Journal Co., a subsidiary of A.H. Belo Corp.

Suzanna M. Frank was appointed Vice President - Audience in March 2008. From 2003 to March 2008 she served as Director of Research and Marketing.

Karen J. Guest was appointed Vice President - Law and Chief Legal Officer in July 2006. From 2003 until July 2006, she served as General Counsel to PAJ, Inc.

Michael R. Gulledge was elected a Vice President - Publishing in May 2005 and named Publisher of the Billings Gazette in 2000.

Daniel K. Hayes was appointed Vice President - Corporate Communications in September 2005.

Brian E. Kardell was appointed Vice President - Production and Chief Information Officer in 2003.

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.

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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. Since 2007, he has also served as a Vice President - Publishing.

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

EMPLOYEES

At September 26, 2010, we had approximately 6,815 employees, including approximately 1,745 part-time employees, exclusive of TNI and MNI. Full-time equivalent employees at September 26, 2010 totaled approximately 6,098. We consider our relationships with our employees to be good.

Bargaining unit employees represent 593 or 71%, of the total employees of the St. Louis Post-Dispatch. The St. Louis Post-Dispatch has contracts with bargaining unit employees with expiration dates through 2015. New contracts were reached with various units in the last several years: the St. Louis Newspaper Guild/CWA Local 36047 ("St. Louis Newspaper Guild") (240 employees) was signed in 2010 and expires in 2015; Miscellaneous Drivers, Helpers, and Health Care and Public Employee's Local Union 610 (10 dock employees) was signed in 2011 and expires in 2014; the CWA Local 6300, Print and Media Sector (5 typographical employees) was signed in 2009 and expires in 2012; the Graphic Communications Conference/IBT Local 38N (75 press operators) was signed in 2006 and expires in 2012; the International Association of Machinists and Aerospace Workers, District No. 9 (9 machinists) was signed in 2008 and expires in 2011; the International Association of Machinists and Aerospace Workers, District No. 9 (6 electricians) was signed in 2008 and expires in 2011; and the Communication Workers of America AFL-CIO Local 14620 (248 mailers) was signed in 2004 and expires in 2011.

Approximately 68 employees in six additional locations are represented by collective bargaining units. Contracts at two of these locations have expired and negotiations are ongoing.

In 2009, employees of selected departments of The Pantagraph, in an election conducted by the National Labor Relations Board, overwhelmingly rejected an organization attempt by the St. Louis Newspaper Guild.

CORPORATE GOVERNANCE AND PUBLIC INFORMATION

We have a long, substantial history of sound corporate governance practices. The Board of Directors has a lead independent director, and has had one for many years. Currently, nine of eleven 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 our 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 ("SEC") filings, financial statistics, annual reports, investor presentations, governance documents, newspaper profiles and digital links. We make available via our 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.

ITEM 1A. RISK FACTORS

Risk exists that our past results may not be indicative of future results. A discussion of our risk factors follows. See also, “Forward-Looking Statements”, included herein. In addition, a number of other factors (those identified elsewhere in this document) may cause actual results to differ materially from expectations.

DEBT AND LIQUIDITY

We May Have Insufficient Earnings Or Liquidity To Meet Our Future Debt Obligations

We have a substantial amount of debt, as discussed more fully (and certain capitalized terms used below defined) in Item 7, “Liquidity and Capital Resources” and Note 7 of the Notes to Consolidated Financial Statements, included herein. In February 2009, we completed a comprehensive restructuring of our Credit Agreement and a refinancing of our Pulitzer Notes debt, substantially enhancing our liquidity and operating flexibility until April 2012.

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At September 26, 2010, we had $285,425,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments and letters of credit, have approximately $75,677,000 available for future use. Including cash and restricted cash, our liquidity at September 26, 2010 totals $104,722,000. This liquidity amount excludes any future cash flows. Mandatory principal payments on debt in 2011 total $81,500,000. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows. We expect all interest and principal payments due in 2011 will be satisfied by our continuing cash flows, which will allow us to maintain, or increase, the current level of liquidity.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed. We are in compliance with our debt covenants at September 26, 2010.

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, as defined, occurs and is not remedied. Many of those consequences are beyond our control and the control of 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.

Since November 30, 2009, the full amount of the outstanding balance under the Credit Agreement has been subject to floating interest rates as all interest rate swaps and collars expired or were terminated. See Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operation”, and Item 7A, “Interest Rates”, included herein, for additional information on the risks associated with our financing arrangements.

ECONOMIC CONDITIONS

General Economic Conditions May Continue To Impact Our Revenue And Operating Results

According to the National Bureau of Economic Research, the United States economy was in a recession from December 2007 until June 2009. It is widely believed that certain elements of the economy, such as housing, auto sales and employment, were in decline before December 2007, and have still not recovered to pre-recession levels. 2010, 2009 and 2008 revenue, operating results and cash flows were significantly impacted by the recession. The duration and depth of an economic recession, and pace of economic recovery, in markets in which we operate may influence our future results.

OPERATING REVENUE

Our Revenue May Not Return To Historical Levels

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

Operating revenue in most categories decreased in 2010, 2009 and 2008 and may decrease in the future. Such decreases may not be offset by growth in advertising in other categories, such as digital revenue which, until 2008, had been rising significantly and began to rise again in 2010. 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. Web sites and applications for mobile devices distributing news and other content continue to gain popularity. As a result, audience attention and advertising spending are shifting and may continue to shift from traditional media to digital media. We expect that advertisers will allocate greater portions of their future budgets to digital media, which can offer more measurable returns than traditional print media through pay for performance and keyword-targeted advertising. To the extent that advertisers shift advertising expenditures to other media outlets, including those on the Internet, the profitability of our business may continue to be impacted.

The rates we charge for advertising are, in part, related to the size of the audience of our publications and digital products. There is significant competition for readers and viewers from other media. Our 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 our outlets for such information.

Retail Advertising

Many advertisers, including major retail store chains, automobile manufacturers and dealers, banks and telecommunications companies, 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. Our retail revenue is also being impacted by the current economic environment. 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 digital, declined as unemployment increased. This trend began to reverse in 2010.

In 2010, 2009 and 2008, 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. In 2009 this decline accelerated due to the access to, and limitations on, residential mortgage funding.

Automotive classified advertising revenue declined in 2010, 2009 and 2008, due to industry-wide issues affecting certain domestic auto manufacturers and the overall decline in economic conditions leading to the last recession.

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

Circulation

Though our overall audience is growing and our circulation unit results have historically benchmarked favorably to national averages, as compiled by the ABC, circulation unit sales have nonetheless been declining fractionally for several years. The possibility exists that future circulation price increases may be difficult to accomplish as a result of future declines in circulation unit sales, and that price decreases may be necessary to retain or grow circulation unit volume. We are reaching increasingly larger audiences through stable newspaper readership and rapid digital audience growth. Nonetheless, declines in circulation unit sales could also adversely impact advertising revenue.

In addition, as audience attention increasingly focuses on digital media, circulation of our newspapers may be adversely affected, which may decrease circulation revenue and exacerbate declines in print advertising. If we are not successful in growing our digital businesses to offset declines in revenues from our print products, our business, financial condition and prospects will be adversely affected.

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

OPERATING EXPENSES

We May Not Be Able To Reduce Future Expenses To Offset Potential Revenue Declines

We reduced operating expenses, excluding depreciation, amortization, impairment charges and other unusual costs, by $60,060,000, or 9.0%, in 2010, by $150,033,000, or 18.3%, in 2009 and by $26,995,000, or 3.2%, in 2008. Such expense reductions are not expected to significantly impact our ability to deliver advertising and content to our customers.

As a result of the significant reductions of our cost structure we have achieved since 2007, future cost reductions will be more difficult to accomplish. 2011 operating expenses, excluding depreciation and amortization, are expected to increase less than 1%.

Newsprint comprises a significant amount of our 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

We May Incur Additional Non-Cash Impairment Charges

We have significant amounts of goodwill and identified intangible assets. In 2009 and 2008, we recorded substantial impairment charges to reduce the value of certain of these assets. Should general economic, market or business conditions decline, and have a negative impact on our stock price or cash flows, we 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

A Decrease In Our Stock Price May Limit The Ability To Trade Our Stock
Or For The Company To Raise Equity Capital

As of December 24, 2008, our Common Stock traded at an average 30-day closing market price of less than $1 per share. Under the NYSE listing standards, if our Common Stock fails to maintain an adequate per share price and total market capitalization, our Common Stock could be removed from the NYSE and traded in the over the counter market. In December 2008, the NYSE notified us that our Common Stock did not meet the NYSE continued listing standard due to the failure to maintain an adequate share price. Subsequent to that date, the NYSE temporarily suspended the standard through July 2009, and extended our six-month cure period until December 2009. In September 2009, the NYSE notified us that our average share price had risen sufficiently to cure the share price deficiency. We may be able to mitigate the effect of a low stock price in the future through implementation of a reverse stock split. All of these factors, along with volatile equity market conditions, could limit our ability to raise new equity capital in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our executive offices are located in leased facilities at 201 North Harrison Street, Suite 600, Davenport, Iowa. The initial lease term expires in 2019.

All of our 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, as applicable, and adequately equipped. With the exception of St. Louis, none of our facilities is individually significant to our business.

Information related to St. Louis facilities at September 26, 2010 is as follows:

(Square Feet)	Owned	Leased
PD LLC	749,000	23,000
Suburban Journals	89,000	39,000

Several of our daily newspapers, as well as many of our and MNI's nearly 300 other publications, are printed at other Company facilities, or such printing is outsourced, to enhance operating efficiency. We are continuing to evaluate additional insourcing and outsourcing opportunities in order to more effectively manage our operating and capital costs.

Our 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

We are 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 we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

In 2008, a group of newspaper carriers filed suit against us in the United States District Court for the Southern District of California, claiming to be employees and not independent contractors of ours. The plaintiffs seek relief related to violation of various employment-based statutes, and request punitive damages and attorneys' fees. In July 2010, the trial court judge granted the plaintiffs' petition for class certification. We filed an interlocutory appeal which was denied. Discovery in the case will proceed in the normal course and we intend to bring a motion to reverse the class certification ruling upon completion of that process. At this time we are unable to predict whether the ultimate economic outcome, if any, could have a material effect on our Consolidated Financial Statements, taken as a whole. We deny the allegations of employee status, consistent with our past practices and industry practices, and intend to vigorously contest the action, which is not covered by insurance.

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ITEM 4. REMOVED AND RESERVED

PART II

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

Our Common Stock 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 our stockholders of record 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 calendar quarter during the past three years, the closing price at the end of each quarter and dividends per common share.

	Quarter Ended			
(Dollars)	December	March	June	September
STOCK PRICES				
2010				
High	4.50	4.77	4.52	3.15
Low	2.15	2.96	2.49	1.93
Closing	3.47	3.39	2.57	2.68
2009				
High	3.97	0.65	1.89	3.43
Low	0.30	0.24	0.29	0.50
Closing	0.41	0.28	0.53	2.75
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
DIVIDENDS				
2008	0.19	0.19	0.19	0.19

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, including conversion provisions of Class B Common Stock, see Note 12 of the Notes to Consolidated Financial Statements, included herein.

At September 26, 2010, we had 6,825 holders of Common Stock and 1,176 holders of Class B Common Stock.

In 2008, 1,722,280 shares were acquired and returned to authorized shares at an average price of $10.98.

The 2009 Amendments to our Credit Agreement require us to suspend stockholder dividends and share repurchases through April 2012. See Note 7 of the Notes to Consolidated Financial Statements, included herein.

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Performance Presentation

The following graph compares the quarterly percentage change in the cumulative total 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, 2010 (with September 30, 2005 as the measurement point). Total 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.

The value of $100 invested on September 30, 2005 in stock of the Company, the Peer Group and in the S&P 500 Stock Index, including reinvestment of dividends, is summarized in the table below.

	September 30					
(Dollars)	2005	2006	2007	2008	2009	2010
Lee Enterprises, Incorporated	100.00	60.81	38.62	9.68	7.61	7.41
Peer Group Index	100.00	86.02	73.23	47.89	37.37	35.84
S&P 500 Stock Index	100.00	110.79	129.01	100.66	93.7	103.22

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 nine 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., Gannett, Journal Communications, Inc., The McClatchy Company, Media General, Inc., The New York Times Company, The E.W. Scripps Company, and The Washington Post Company. Sun-Times Media Group, Inc., which was previously included in the Peer Group Index, is no longer publicly traded.

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ITEM 6. SELECTED FINANCIAL DATA

Selected financial data is as follows: (Thousands of Dollars and Shares, Except Per Common Share Data)	2010	2009	2008	2007	2006
OPERATING RESULTS [1]					
Operating revenue	780,648	842,030	1,028,868	1,120,194	1,121,390
Operating expenses, excluding depreciation, amortization, and impairment of goodwill and other assets	609,745	675,035	821,846	853,375	843,577
Depreciation and amortization	73,179	79,599	91,078	92,700	90,276
Impairment of goodwill and other assets [2]	3,290	245,953	1,070,808	—	4,837
Curtailment gains	45,012	—	—	3,731	—
Equity in earnings of associated companies	7,746	5,120	10,211	20,124	20,739
Reduction in investment in TNI [2]	—	19,951	104,478	—	—
Operating income (loss)	147,192	(173,388)	(1,049,131)	197,974	203,439
Financial income	411	1,886	5,857	7,613	6,054
Financial expense	(71,631)	(92,892)	(71,472)	(90,341)	(95,939)
Income (loss) from continuing operations	46,178	(180,062)	(871,228)	81,397	72,009
Discontinued operations	—	(5)	285	671	54
Net income (loss)	46,178	(180,067)	(870,943)	82,068	72,063
Income (loss) attributable to Lee Enterprises, Incorporated	46,105	(123,191)	(880,316)	80,999	70,832
Income (loss) from continuing operations attributable to Lee Enterprises, Incorporated	46,105	(123,186)	(880,601)	80,328	70,778
EARNINGS (LOSS) PER COMMON SHARE					
Basic:					
Continuing operations	1.03	(2.77)	(19.65)	1.76	1.56
Discontinued operations	—	—	0.01	0.01	—
	1.03	(2.77)	(19.64)	1.77	1.56
Diluted:					
Continuing operations	1.03	(2.77)	(19.65)	1.75	1.55
Discontinued operations	—	—	0.01	0.01	—
	1.03	(2.77)	(19.64)	1.77	1.56
Weighted average common shares:					
Basic	44,555	44,442	44,813	45,671	45,421
Diluted	44,955	44,442	44,813	45,804	45,546
Dividends per common share	—	—	0.76	0.72	0.72

BALANCE SHEET INFORMATION (End of Year)

Total assets	1,440,116	1,515,612	2,016,367	3,260,963	3,329,809
Debt, including current maturities [3]	1,081,590	1,168,335	1,332,375	1,395,625	1,525,000
Debt, net of cash, restricted cash and investments [3]	1,052,545	1,151,106	1,182,856	1,284,565	1,420,302
Stockholders' equity	56,823	23,598	155,518	1,086,442	990,625

(1) Results of discontinued operations have been restated for all periods presented.

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(2) The Company recorded pretax, non-cash impairment charges to reduce the carrying value of assets as follows:

(Thousands of Dollars)	2010	2009	2008
Goodwill	—	193,471	908,977
Nonamortized intangible assets	—	14,055	13,027
Amortizable intangible assets	—	33,848	143,785
Property and equipment	3,290	4,579	5,019
	3,290	245,953	1,070,808
Reduction in investment in TNI	—	19,951	104,478
	3,290	265,904	1,175,286

(3) Principal amount, excluding fair value adjustments. 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 our results of operations and financial condition as of, and for each of the three years ended, September 26, 2010. 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, 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 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 (loss) before depreciation, amortization, impairment of goodwill and other assets, curtailment gains 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. We believe these measures provide meaningful supplemental information because of their focus on results from operations excluding such non-cash factors.

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 of Dollars)	2010	Percent of Revenue	2009	Percent of Revenue	2008	Percent of Revenue
Operating cash flow	170,903	21.9	166,995	19.8	207,022	20.1
Depreciation and amortization	(73,179)	(9.4)	(79,599)	(9.5)	(91,078)	(8.9)
Impairment of goodwill and other assets	(3,290)	(0.4)	(245,953)	(29.2)	(1,070,808)	NM
Curtailment gains	45,012	5.8	—	—	—	—
	7,746	1.0	5,120	0.6	10,211	1.0

Equity in earnings of associated companies								
Reduction in investment in TNI	—	—	(19,951	)	(2.4	)	(104,478	)	(10.2	)
Operating income (loss)	147,192	18.9	(173,388	)	NM		(1,049,131	)	NM	

Adjusted Net Income and Adjusted Earnings Per Common Share

Adjusted net income and adjusted earnings per common share, which are defined as income (loss) attributable to Lee Enterprises, Incorporated and earnings (loss) per common share adjusted to exclude both unusual matters and those of a substantially non-recurring nature, are non-GAAP financial measures that are used in the analysis below. We believe these measures provide meaningful supplemental information by identifying matters that are not indicative of

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core business operating results or are of a substantially non-recurring nature.

Reconciliations of adjusted net income and adjusted earnings per common share to income (loss) attributable to Lee Enterprises, Incorporated and earnings (loss) per common share, respectively, the most directly comparable measures under GAAP, are set forth in Item 7, included herein, 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, if any, consummated in the current or prior year. We believe such comparisons provide meaningful supplemental information for an understanding of changes in our revenue and operating expenses. Same property comparisons exclude TNI and MNI. We own 50% of TNI and also own 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

Our discussion and analysis of financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us 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, we evaluate our estimates. We base our 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 our accounting policies.

Goodwill and Other Intangible Assets

In assessing the recoverability of goodwill and other nonamortized intangible assets, we make a determination of the fair value of our 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. A non-cash 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 us. 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.

We analyze goodwill and other nonamortized intangible assets for impairment on an annual basis, 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. See Note 6 of the Notes to Consolidated Financial Statements, included herein, for a more detailed explanation of our intangible assets.

Due primarily to the continuing, and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets in 2008 and again in 2009.

Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill, nonamortized and amortizable intangible assets in 2008 and 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment in 2008, 2009 and 2010. We recorded deferred income tax benefits related to these charges.

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A summary of impairment charges is included in the table below:

(Thousands of Dollars)	2010	2009	2008
Goodwill	—	193,471	908,977
Nonamortized intangible assets	—	14,055	13,027
Amortizable intangible assets	—	33,848	143,785
Property and equipment	3,290	4,579	5,019
	3,290	245,953	1,070,808
Reduction in investment in TNI	—	19,951	104,478
	3,290	265,904	1,175,286

We review our amortizable intangible assets for impairment when indicators of impairment are present. We assess recoverability 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.

We also periodically evaluate our determination of the useful lives of amortizable intangible assets. Any resulting changes in the useful lives of such intangible assets will not impact our cash flows. 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.

At September 26, 2010, our fair value exceeds carrying value. Based on substantial impairment charges recorded in both 2009 and 2008, and the most recent testing performed at September 26, 2010, we do not believe our reporting unit is at risk of failing future goodwill impairment testing. However, future decreases in our market value, or significant differences in revenue, expenses or cash flows from estimates used to determine fair value, could affect this determination.

Pension, Postretirement and Postemployment Benefit Plans

We evaluate our 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, as applicable. If we 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 and may necessitate additional contributions.

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 our opinion, it is more likely than not 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 additional variability in our effective income tax rate.

We file income tax returns with the Internal Revenue Service ("IRS") and various state tax jurisdictions. From time to time, we are subject to routine audits by those agencies, and those audits may result in proposed adjustments. We have considered the alternative interpretations that may be assumed by the various taxing agencies, believe our positions taken regarding our 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. We do not believe the final resolution of such matters will be material to our consolidated financial position or cash flows.

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Revenue Recognition

Advertising revenue is recorded when advertisements are placed in the publication or on the related digital product. 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

We are self-insured for health care, workers compensation and certain long-term disability costs of our employees, subject to stop loss insurance, which limits exposure to large claims. We accrue our 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.

Our accrued 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.

An increasing frequency of large claims, deterioration in overall claim experience or changes in federal or state laws affecting our liability for such claims could increase the volatility of expenses for such self-insured risks.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2010, we adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, Consolidation. FASB ASC 810 requires that noncontrolling interests be reported as a separate component of stockholders' equity. Net income (loss) including the portion attributable to our noncontrolling interests is included in net income (loss) in the Consolidated Statements of Operations and Comprehensive Income (Loss) and will continue to be used to determine earnings (loss) per common share. FASB ASC 810 also requires certain prospective changes in accounting for noncontrolling interests primarily related to increases and decreases in ownership and changes in control. As required, the presentation and disclosure requirements were adopted through retrospective application, and prior period information has been reclassified accordingly. Adoption of FASB ASC 810 did not have a material effect on our Consolidated Financial Statements.

In 2010, we adopted FASB Staff Position ("FSP") 132(R)-1, Disclosures about Postretirement Benefit Plan Assets, codified in ASC 715, Compensation-Retirement Benefits. FSP 132(R)-1 requires additional disclosures relating to investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. Adoption of FSP 132(R)-1 did not have a material effect on our Consolidated Financial Statements.

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CONTINUING OPERATIONS

2010 vs. 2009

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

(Thousands of Dollars, Except Per Common Share Data)	2010	2009	Percent Change
Advertising revenue:			
Retail	322,961	358,104	(9.8)
Classified:			
Daily newspapers:			
Employment	21,393	26,489	(19.2)
Automotive	25,063	30,465	(17.7)
Real estate	23,587	30,066	(21.5)
All other	46,039	44,635	3.1
Other publications	27,762	30,660	(9.5)
Total classified	143,844	162,315	(11.4)
Digital	47,290	42,073	12.4
National	33,749	39,047	(13.6)
Niche publications	12,260	13,135	(6.7)
Total advertising revenue	560,104	614,674	(8.9)
Circulation	179,851	185,154	(2.9)
Commercial printing	11,762	12,895	(8.8)
Digital services and other	28,931	29,307	(1.3)
Total operating revenue	780,648	842,030	(7.3)
Compensation	315,698	339,014	(6.9)
Newsprint and ink	54,436	72,311	(24.7)
Other operating expenses	238,191	257,060	(7.3)
Workforce adjustments and transition costs	1,420	6,650	(78.6)
	609,745	675,035	(9.7)
Operating cash flow	170,903	166,995	2.3
Depreciation and amortization	73,179	79,599	(8.1)
Impairment of goodwill and other assets	3,290	245,953	(98.7)
Curtailment gains	45,012	—	NM
Equity in earnings of associated companies	7,746	5,120	51.3
Reduction in investment in TNI	—	19,951	NM
Operating income (loss)	147,192	(173,388)	NM
Non-operating expense, net	72,392	89,183	(18.8)
Income (loss) from before income taxes	74,800	(262,571)	NM
Income tax expense (benefit)	28,622	(82,509)	NM
Income (loss) from continuing operations	46,178	(180,062)	NM
Discontinued operations, net	—	(5)	NM
Net income (loss)	46,178	(180,067)	NM
Net income attributable to non-controlling interests	(73)	(179)	(59.2)
Decrease in redeemable non-controlling interest	—	57,055	NM
Income (loss) attributable to Lee Enterprises, Incorporated	46,105	(123,191)	NM
Other comprehensive loss, net	(14,704)	(21,839)	(32.7)
Comprehensive income (loss)	31,401	(145,030)	NM

Income (loss) from continuing operations attributable to Lee Enterprises, Incorporated	46,105	(123,186)	NM
Earnings (loss) per common share attributable to Lee Enterprises, Incorporated:			
Basic	1.03	(2.77)	NM
Diluted	1.03	(2.77)	NM

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Total operating revenue decreased 7.3% in 2010. 2010 and 2009 revenue, operating results and cash flows were significantly impacted by the economic recession that began in December 2007 and ended in June 2009. It is widely believed certain elements of the economy, such as employment, housing and auto sales, were in decline prior to December 2007 and have still not recovered to pre-recession levels. The duration and depth of the economic recession, and pace of economic recovery, in markets in which we operate may influence our future results.

Year-over-year revenue trends improved significantly overall as 2010 progressed. In the 13 weeks ended September 27, 2009, total operating revenue decreased 20.0%, compared to the prior year period. In the 13 weeks ended September 26, 2010, total operating revenue declined 3.7%. Certain categories of advertising, such as digital, and employment and auto classified advertising, turned positive compared to 2009 at different points in 2010. In the 13 weeks ending December 26, 2010, we expect total operating revenue to decrease approximately 1.0%.

Advertising Revenue

In 2010, advertising revenue decreased $54,570,000, or 8.9%. On a combined basis, print and digital retail advertising decreased 8.1%. Print retail revenue decreased $35,143,000, or 9.8%, in 2010. A 6.4% decrease in daily newspaper retail advertising lineage contributed to the overall decrease. Average retail rates, excluding preprint insertions, decreased 8.6% in 2010. Retail preprint insertion revenue decreased 5.4%. Digital retail advertising increased 24.0%, partially offsetting print declines.

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

(Thousands of Dollars)	2010	2009	Percent Change
Retail	339,219	369,304	(8.1)
Classified:			
Employment	35,470	41,626	(14.8)
Automotive	40,823	45,574	(10.4)
Real estate	31,647	39,331	(19.5)
Other	65,332	65,715	(0.6)
Total classified revenue	173,272	192,246	(9.9)

On a combined basis, print and digital classified revenue decreased 9.9%. Print classified advertising revenue decreased $18,471,000, or 11.4%, in 2010. Higher rate print employment advertising at the daily newspapers decreased 19.2% for the year, reflecting high unemployment nationally. Print automotive advertising decreased 17.7%. Print real estate advertising decreased 21.5% 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 3.1%. Classified advertising rates decreased 8.9%. Digital classified advertising decreased 0.2%.

Advertising lineage, as reported for our daily newspapers only, consists of the following:

(Thousands of Inches)	2010	2009	Percent Change
Retail	10,287	10,993	(6.4)
Classified	11,137	11,607	(4.0)
National	475	488	(2.7)

	21,899	23,088	(5.2)

On a stand-alone basis, digital advertising revenue increased 12.4% in 2010. Year-over-year total digital advertising turned positive in the month of December 2009 and has been rising steadily since that time.

National advertising decreased $5,298,000, or 13.6%, in 2010 due to a 2.7% decline in lineage and a 19.9% decrease in average national rate. Advertising in niche publications decreased 6.7%.

Despite declines in advertising revenue, our total advertising results have historically benchmarked favorably to industry averages reported by the NAA.

Circulation and Other Revenue

Circulation revenue decreased $5,303,000, or 2.9% in 2010. Our daily newspaper circulation units, including TNI and MNI, as measured by the ABC, declined 3.9% for the six months ended September 2010, compared to the same period in 2009, and Sunday circulation declined 4.9%, compared with industry average declines of 4.9% daily and 4.4% Sunday. Factors contributing to the declines include selective price increases and general economic conditions. For the six months ended March 2010, total average daily circulation units, including TNI and MNI, declined 4.8% and Sunday circulation decreased 4.1%. Research in our larger markets indicates we are reaching an increasingly larger share of the markets through the combination of stable newspaper readership and rapid digital audience growth.

Commercial printing revenue decreased $1,133,000, or 8.8%, in 2010. Digital services and other revenue decreased $376,000, or 1.3%, in 2010.

Operating Expenses

Costs other than depreciation, amortization, impairment charges and other unusual matters decreased $60,060,000, or 9.0%, in 2010.

Compensation expense decreased $23,316,000, or 6.9%, in 2010 driven by a decline in average full time equivalent employees of 8.2%. Bonus programs and certain other employee benefits were also substantially reduced, beginning in 2009.

Newsprint and ink costs decreased $17,875,000, or 24.7% in 2010, a result of a reduction in newsprint volume of 12.8% and lower cost of newsprint for most of the year. See Item 7A, “Commodities”, included herein, for further discussion and analysis of the impact of newsprint on our business.

Other operating costs, which are comprised of all operating expenses not considered to be compensation, newsprint, depreciation, amortization or unusual matters, decreased $18,869,000, or 7.3%, in 2010.

Reductions in staffing resulted in workforce adjustment costs totaling $1,420,000 and $5,813,000 in 2010 and 2009, respectively.

We are engaged in various efforts to continue to contain future growth in operating expenses. We expect our operating expenses, excluding depreciation, amortization and unusual costs, to decline approximately 1% in the 13 weeks ending December 26, 2010, compared to the prior year period and increase less than 1% in 2011.

Results of Operations

As a result of the factors noted above, operating cash flow increased 2.3% to $170,903,000 in 2010 from $166,995,000 in 2009. Operating cash flow margin increased to 21.9% from 19.8% in 2009 reflecting a smaller percentage decrease in operating revenue than the decrease in operating expenses, as well as decreased workforce adjustment and transition costs in 2010.

Depreciation expense decreased $4,836,000, or 14.7% due to lower levels of capital spending in 2010 and 2009. Amortization expense decreased $1,584,000, or 3.4%, in 2010 due to impairment charges in 2009, which reduced the balances of amortizable intangible assets.

In 2010, we reduced the carrying value of equipment no longer in use by $3,290,000.

Due primarily to the continuing and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets in 2009. Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill and nonamortized and amortizable intangible assets in 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment in 2009 and 2010. We recorded deferred income tax benefits related to these charges.

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A summary of impairment charges is included in the table below:

(Thousands of Dollars)	2010	2009
Goodwill	—	193,471
Nonamortized intangible assets	—	14,055
Amortizable intangible assets	—	33,848
Property and equipment	3,290	4,579
	3,290	245,953
Reduction in investment in TNI	—	19,951
	3,290	265,904

In December 2009, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in participant premium cost-sharing and elimination of coverage for certain participants. The changes resulted in non-cash curtailment gains of $31,130,000 which were recognized in the 13 weeks ended December 27, 2009, reduced 2010 net periodic postretirement medical cost by $1,460,000 beginning in the 13 weeks ended March 28, 2010, and reduced the benefit obligation liability at December 27, 2009 by $28,750,000.

In March 2010, members of the St. Louis Newspaper Guild voted to approve a new 5.5 year contract, effective in April 2010. The new contract eliminated postretirement medical coverage for active employees and defined pension benefits were frozen. The elimination of postretirement medical coverage resulted in non-cash curtailment gains of $11,878,000, which were recognized in the 13 weeks ended March 28, 2010 and reduced the benefit obligation liability at March 28, 2010 by $6,576,000. The freeze of defined pension benefits resulted in non-cash curtailment gains of $2,004,000, which were recognized in the 13 weeks ended March 28, 2010, reduced 2010 net periodic pension expenses by $668,000 beginning in the 13 weeks ended June 27, 2010, and reduced the benefit obligation liability at March 28, 2010 by $2,004,000.

Increases in participant premium cost sharing, as discussed more fully above, were treated as negative plan amendments. Curtailment treatment was utilized in situations in which coverage was eliminated. Curtailment gains were calculated by revaluation of plan liabilities after consideration of other plan changes.

In November 2010, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in employee premiums and elimination of coverage for certain participants. The changes are expected to reduce annual net periodic postretirement medical cost beginning in January 2011 and will reduce the benefit obligation by up to $15,000,000. We will also recognize non-cash curtailment gains of up to $10,000,000 related to certain of the changes in 2011.

Equity in earnings in associated companies increased $2,626,000, or 51.3%, in 2010. In May 2009, Citizen discontinued print publication of the Tucson Citizen. The change resulted in workforce adjustment and transition costs of approximately $1,925,000 of which $1,093,000 was incurred directly by TNI.

The factors noted above resulted in operating income of $147,192,000 in 2010 and an operating loss of $173,388,000 in 2009.

Non-Operating Income and Expense

Financial expense, including amortization of debt financing costs, decreased $21,261,000, or 22.9%, to $71,631,000 in 2010 due to lower debt balances and lower interest rates.

As discussed more fully (and certain capitalized terms used below defined) under Item 7, “Liquidity and Capital Resources”, amendments to our Credit Agreement consummated in 2009 increased financial expense in 2009 in relation to LIBOR. We are now subject to minimum LIBOR levels, which are currently in excess of actual LIBOR. The maximum rate has been increased to LIBOR plus 450 basis points, and we could also be subject to additional non-cash payment-in-kind interest if leverage increases above specified levels. At the September 2010 leverage level, our debt under the Credit Agreement will be priced at the applicable LIBOR minimum of 1.25% plus 2.875%. The interest rate on the Pulitzer Notes increased 1% to 9.05% in February 2009, and increased 0.5% in April 2010 to 9.55%. The interest rate will increase by 0.5% per year thereafter.

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Overall Results

We recognized an income tax expense of 38.3% of income from continuing operations before income taxes in 2010 and income tax benefit of 31.4% of loss from continuing operations before income taxes in 2009.

In March 2010, as a result of health care legislation enacted at that time, we wrote off $2,012,000 of deferred income tax assets due to the loss of future tax deductions for providing retiree prescription drug benefits. Deferred income tax expense related to curtailment gains also increased the effective tax rate in 2010. See Note 14 of the Notes to Consolidated Financial Statements, included herein, for a reconciliation of the expected federal income tax rates to the actual tax rates.

As discussed more fully (and certain capitalized terms used below defined) in Note 19 of the Notes to Consolidated Financial Statements, included herein, the Operating Agreement provided 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 2010 Redemption). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008. In 2009, we accrued increases in the liability totaling $1,466,000, which increased loss attributable to Lee Enterprises, Incorporated. The present value of the 2010 Redemption in February 2009 was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the Herald Value) will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjusted, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in 2009 as an estimate of the amount of the Herald Value to be disbursed. The determination of the amount of the Herald Value was based on an estimate of fair value using both market and income-based approaches. The actual amount of the Herald Value at the date of settlement will depend on such variables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption. Cash settlement of the Herald Value is limited by the terms of the Credit Agreement.

The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, we reversed substantially all of our liability related to the 2010 Redemption in 2009. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

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As a result of the factors noted above, income attributable to Lee Enterprises, Incorporated totaled $46,105,000 in 2010 compared with a loss of $123,191,000 in 2009. We recorded earnings per diluted common share of $1.03 in 2010 and a loss per diluted common share of $2.77 in 2009. Excluding unusual matters, as detailed in the table below, diluted earnings per common share, as adjusted, were $0.71 in 2010, compared to $0.35 in 2009. Per share amounts may not add due to rounding.

(Thousands of Dollars, Except Per Share Data)	2010 Amount	Per Share	2009 Amount	Per Share
Income (loss) attributable to Lee Enterprises, Incorporated, as reported	46,105	1.03	(123,191)	(2.77)
Adjustments:				
Impairment of goodwill and other assets, including TNI	3,290		265,904	
Curtailment gains	(45,012)		—	
Debt financing costs	8,514		17,467	
Other, net	1,960		6,848	
	(31,248)		290,219	
Income tax effect of adjustments, net, and other unusual tax matters	17,167		(94,518)	
	(14,081)	(0.31)	195,701	4.40
Net income, as adjusted	32,024	0.71	72,510	1.63
Change in redeemable non-controlling interest liability	—	—	(57,055)	(1.28)
Income attributable to Lee Enterprises, Incorporated, as adjusted	32,024	0.71	15,455	0.35

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2009 vs. 2008

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

(Thousands of Dollars, Except Per Common Share Data)	2009	2008	Percent Change
Advertising revenue:			
Retail	358,104	434,069	(17.5)
Classified:			
Daily newspapers:			
Employment	26,489	59,457	(55.4)
Automotive	30,465	45,388	(32.9)
Real estate	30,066	43,282	(30.5)
All other	44,635	43,006	3.8
Other publications	30,660	43,361	(29.3)
Total classified	162,315	234,494	(30.8)
Digital	42,073	55,119	(23.7)
National	39,047	44,143	(11.5)
Niche publications	13,135	15,874	(17.3)