

LEE ENTERPRISES, INC
Form 10-K
December 13, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For The Fiscal Year Ended September 29, 2013

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 - \$0.01 par value

New York Stock Exchange

Preferred Share Purchase Rights

New York Stock Exchange

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

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

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 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 (S 229.405 of this Chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Exchange Act:

Large accelerated filer Accelerated filer 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

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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 25, 2013, such aggregate market value is approximately \$62,832,000. 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 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 Registrant's classes of common stock, as of November 30, 2013. Common Stock, \$0.01 par value, 53,444,441 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement to be filed in January 2014 are incorporated by reference in Part III of this Form 10-K.

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References to “we”, “our”, “us” and the like throughout this document refer to Lee Enterprises, Incorporated and subsidiaries (the "Company"). References to "2013", "2012", "2011" and the like refer to 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, comply with or obtain amendments or waivers of the financial covenants contained in our credit facilities, if necessary, and to refinance our debt as it comes due.

Other risks and uncertainties include the impact and duration of adverse conditions in certain aspects of the economy affecting our business, changes in advertising demand, potential changes in newsprint and other commodity prices, energy costs, interest rates, labor costs, legislative and regulatory rulings, difficulties in achieving planned expense reductions, maintaining employee and customer relationships, increased capital costs, maintaining our listing status on the NYSE, 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”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “consider” 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 report. We do not undertake to publicly update or revise our forward-looking statements.

PART I

On December 12, 2011, the Company and certain of its subsidiaries filed voluntary, prepackaged petitions in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") for relief under Chapter 11 of the U.S. Bankruptcy Code (the "U.S. Bankruptcy Code") (collectively, the "Chapter 11 Proceedings"). Our interests in TNI Partners ("TNI") and Madison Newspapers, Inc. ("MNI") were not included in the filings. During the Chapter 11 Proceedings, we, and certain of our subsidiaries, continued to operate as "debtors in possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the U.S. Bankruptcy Code. In general, as debtors-in-possession, we were authorized under the U.S. Bankruptcy Code to continue to operate as an ongoing business, but were not to engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

On January 23, 2012, the Bankruptcy Court approved our Second Amended Joint Prepackaged Plan of Reorganization (the "Plan") under the U.S. Bankruptcy Code and on January 30, 2012 (the "Effective Date") the Company emerged from the Chapter 11 Proceedings. On the Effective Date, the Plan became effective and the transactions contemplated by the Plan were consummated. Implementation of the Plan resulted primarily in a comprehensive refinancing of our debt. The Chapter 11 Proceedings did not adversely affect employees, vendors, contractors, customers or any aspect of Company operations. Stockholders retained their interest in the Company, subject to modest dilution.

We experienced significant net losses in all but one year since 2007 due primarily to non-cash charges for impairment of goodwill and other assets in 2013, 2011, 2009 and 2008 and reorganization costs in 2012. 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 29, 2013. The information included herein should be evaluated in that context. See Item

1A, “Risk Factors”, and Notes 4 and 5 of the Notes to Consolidated Financial Statements, included herein, for additional information.

ITEM 1. BUSINESS

We are a leading provider of local news and information, and a major platform for advertising, in the markets we serve, which are located primarily in the Midwest, Mountain West and West regions of the United States. With the exception of St. Louis, Missouri, our 50 daily newspaper markets, across 22 states, are principally midsize or small. Through our paid and unpaid print and digital platforms, we reach an overwhelming majority of adults in our markets.

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Our platforms include:

- 50 daily and 38 Sunday newspapers with subscribers totaling 1.1 million and 1.5 million, respectively, for the six months ended September 29, 2013, read by nearly four million people in print;
- Websites and mobile and tablet products in all of our markets that complement our newspapers and attracted 23.2 million unique visitors in September 2013, with 209.1 million page views; and
- Nearly 300 weekly newspapers and classified and niche publications.

Our markets have established retail bases, and most are regional shopping hubs. We are located in four state capitals. Six of our top ten markets by revenue include major universities, and seven are home to major corporate headquarters. Based on data from the Bureau of Labor of Statistics as of October 2013, the unemployment rate in eight of our top ten markets by revenue was lower than the national average. Eight of our top ten markets also ranked among the top 25 markets nationwide with the lowest unemployment rates. We believe that all of these factors have had a positive impact on advertising revenue.

We do not face significant competition from other local daily newspapers in most of our markets, although there is significant competition for audience in those markets from other media. In our top ten markets by revenue, only two have significant local daily print competition.

Lee Enterprises, Incorporated 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 acquisition of Pulitzer Inc., the most significant of these transactions, is discussed more fully below.

STRATEGIC INITIATIVES

We are focused on five broad strategic initiatives:

Build On Our Position As A Leading Source Of Local News And Information, And A Major Platform For Advertising, In Attractive, Geographically Diverse, Midsize And Small Markets

We are a leading provider of local news and information, and a major platform for advertising and marketing services, in our markets and have been for many years. Our brands are well known in our markets. We believe we have more journalists than any other local news and information source in our markets and, in many cases, more than all of our local competitors combined. We believe our brand strength and the size of our news staff allow us to provide more comprehensive coverage of local news than our competitors in our markets.

We believe our longstanding commitment to our markets, leading news staffs and close relationships with advertisers in our markets serve as a platform from which to thrive in the future.

Drive Revenue

Revenue is a key imperative among our top priorities. We pursue revenue opportunities by gaining new local advertisers, introducing new products and increasing our share of advertising and marketing services spending from existing clients. Our sales force is larger, and we believe of higher quality, than any local competitor, and we invest heavily in training, especially with respect to our expanding array of digital products.

Expand Our Audiences

The number of customers we reach in our markets is critical to our value to advertisers. As measured in 11 of our top markets by independent, third-party research, we deliver unduplicated reach of print and digital readers and users of print products of an average of 79.1% of all adults over a seven-day period through our print and digital platforms. Among those 18-29 years old, we reach an average of 78.8% of readers and users. We believe our non-daily print publications further expand our audiences.

We continually strive to increase our reach by creatively and energetically improving our content across print and digital platforms. Increasingly, we are also using various forms of social media to enhance our audiences.

Seize Digital Opportunities

We offer advertisers a wide array of digital products, including video, digital couponing, behavioral targeting, banner ads and social networking. Total digital revenue increased 5.5% in 2013 and we expect that digital revenue will continue to grow.

On our digital sites, we provide news stories 24 hours a day and post continual updates of developing stories, often including video. Customers access our stories digitally on websites, mobile devices and tablets. As a result, our digital audience has grown rapidly. In September 2013, unique visitors to our digital sites increased 2.7% from September 2012 to 23.2 million.

We have developed mobile sites in all of our markets as well as separate smart phone applications in all markets, and, as a result, we have enjoyed significant audience growth, with mobile, tablet, desktop and app page views increasing 9.4% in September 2013 from September 2012. In most of our markets, our websites are the leading local digital news source. As with mobile, we have moved quickly to develop applications for tablets, including the iPad, and with our mobile audience growth and high advertiser interest we expect mobile and tablet advertising revenue to increase in the next few years. As new digital technologies emerge, we expect to move rapidly to make our content available on them.

In 2011, we began to implement charges for digital access to our content in certain of our markets using a metered model. In December 2013, that program has been rolled out in most of our markets, and is contributing to our subscription revenue.

Aggressively Control Costs

Throughout the recent economic downturn, we have aggressively transformed our business model and carefully managed our costs to maintain our margins and profitability. Since 2007, we reduced cash costs of our continuing operations (i.e., compensation, newsprint and ink, other operating expenses and workforce adjustments) by \$285 million, or 36%. We regionalized staff functions, selectively consolidated and/or outsourced printing, discontinued unprofitable niche publications, reduced newsprint volume 58%, and sharpened our focus on cost control in all areas. We have reduced personnel while protecting our strengths in news, sales and digital products.

Our business transformation actions allowed us to maintain significant, stable cash flows since 2009 and significantly reduce debt, despite declining revenues. While future cost reductions will be more difficult to accomplish as a result of the significant reductions to our cost structure that we have achieved, we remain committed to maintaining strong cash flows.

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, 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 11 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.

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 subscription activities 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 the May 2009 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 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.

ADVERTISING AND MARKETING SERVICES

Approximately 68% of our 2013 revenue was derived from advertising and marketing services. 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.

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, 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 products. 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, subscription 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 believe we capture a substantial share of the total advertising dollars spent in each of 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.

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The following broadly define major categories of advertising and marketing services revenue:

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.

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.

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!"). Digital advertising is reported in combination with print advertising in the retail, classified and national categories.

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

Marketing services includes a robust suite of custom digital marketing services that include: search engine optimization ("SEO") amplification, search engine marketing ("SEM"), web and mobile production, social media services and reputation monitoring and management. Our services also include media buying in audience extension networks (outside of those owned and operated by us) such as Centro Ad Lift, Google Ad Exchange and Facebook.

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 small 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 MARKETING SERVICES

Our digital activities include websites supporting each of our daily newspapers and certain of our other publications. Some 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 2013, we launched Amplified Digital Solutions, a robust suite of custom digital marketing services that include: SEO amplification, SEM, web and mobile production, social media services and reputation monitoring and management. Amplified Digital Solutions also acts as a full service digital media buying agency which can buy digital marketing campaigns outside our owned and operated products and platforms for extended audience targeting.

We are a member of the Local Media Consortium (the “Consortium”). The Consortium partners with companies like Google, Yahoo! and other technology companies and service providers aimed at increasing the potential share of new revenue and audience-building programs available to, as well as the quality of information and advertising services available from, Consortium members. The Consortium currently includes more than 30 companies and more than 700 local newspapers, as well as television and radio outlets, 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 nearly 1,500 daily and weekly newspapers, universities, television stations and shoppers, including those of the Company.

Our digital businesses experienced rapid growth in the second half of 2010 and again in 2011, 2012 and 2013 after

recession-related declines in 2008 and 2009. Digital advertising reached 15.4% of total advertising and marketing services revenue in the 13 weeks ended September 29, 2013.

AUDIENCES

Based on independent research, we estimate that, in an average week, our newspapers and digital products reach approximately 79.1% of adults in our larger markets. Scarborough Research from 2012 ranks the St. Louis Post-Dispatch and STLtoday.com as the market with the sixth highest combination of newspaper and web reach of the 25 most populated U.S. markets. Readership by young adults is also significant in our larger markets. We are maintaining large audiences in our markets through the combination of digital audience growth and strong newspaper readership, 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:

(Percent, Past Seven Days)	All Adults						
	2007	2008	2009	2010	2011	2012	2013
Print only	52.0	49.6	46.6	43.8	43.4	37.8	36.9
Print and digital	13.2	16.9	16.4	15.9	16.4	19.6	17.8
Digital only	4.6	6.1	6.6	8.4	7.9	9.4	10.5
Total readership	69.8	72.6	69.6	68.1	67.7	66.8	65.2
Print users ⁽¹⁾	NA	NA	NA	14.9	14.5	14.7	13.9
Total reach	69.8	72.6	69.6	83.0	82.2	81.5	79.1
Total print reach ⁽¹⁾	65.2	66.5	63.0	74.6	74.3	72.1	68.6
Total digital reach	17.8	23.0	23.0	24.3	24.3	29.0	28.3
(Percent, Past Seven Days)	Age 18-29						
	2007	2008	2009	2010	2011	2012	2013
Print only	36.1	38.7	41.0	32.1	33.0	31.5	30.7
Print and digital	13.8	19.4	16.4	15.6	13.7	18.4	15.6
Digital only	6.4	9.5	8.3	9.5	11.6	9.3	10.5
Total readership	56.3	67.6	65.7	57.2	58.3	59.2	56.8
Print users ⁽¹⁾	NA	NA	NA	21.8	21.1	24.5	22.0
Total reach	56.3	67.6	65.7	79.0	79.4	83.7	78.8
Total print reach ⁽¹⁾	49.9	58.1	57.4	69.5	67.8	74.4	68.3
Total digital reach	20.2	28.9	24.7	25.1	25.3	27.7	26.1

(1) Print users were not measured prior to 2010. As a result, print reach in 2010-2013 is not comparable to 2007-2009.

Source: Lee Enterprises Audience Report, Thoroughbred Research. January-June 2007-2013.

Markets: 11 largest markets in 2008-2013. 2007 data excludes Tucson, AZ and La Crosse, WI.

Margin of Error: Total sample +/- 1.1%, Total digital sample +/- 1.3%

After advertising, subscriptions and single copy sales are our largest source of revenue. In 2011, we began to implement charges for digital access to our content in certain of our markets using a metered model. That program is now in place in most of our markets, and is contributing to our subscription revenue. 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 2013, our daily

circulation units, which include TNI and MNI, as measured by the Alliance for Audited Media ("AAM") were 1.1 million and Sunday circulation units were 1.5 million.

Growth in audiences 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, accuracy, presentation, writing style, tone and type style. Promotional efforts include advertising, contests and other initiatives to increase awareness of our products. Customer service can also influence print subscriptions. The introduction in 2010, and continued expansion since, 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. We have historically experienced higher retention of customers using these payment methods. 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 subscriptions 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 subscription sales channels continue to evolve through an emphasis on targeted direct mail and email to acquire new subscribers and retain current subscribers.

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	Average Units ⁽¹⁾	
			Daily ⁽²⁾	Sunday
St. Louis Post-Dispatch	stltoday.com	St. Louis, MO	161,343	461,259
The Times	nwitimes.com	Munster, Valparaiso, and Crown Point, IN	86,549	91,102
Capital Newspapers ⁽⁴⁾				
Wisconsin State Journal	madison.com	Madison, WI	81,103	107,288
Daily Citizen	wiscnews.com/bdc	Beaver Dam, WI	7,735	—
Portage Daily Register	wiscnews.com/pdr	Portage, WI	3,955	—
Baraboo News Republic	wiscnews.com/blr	Baraboo, WI	3,414	—
Arizona Daily Star ⁽³⁾	azstarnet.com	Tucson, AZ	77,547	123,162
Lincoln Group				
Lincoln Journal Star	journalstar.com	Lincoln, NE	51,004	62,380
Columbus Telegram	columbustelegram.com	Columbus, NE	6,893	7,947
Fremont Tribune	fremonttribune.com	Fremont, NE	6,481	—
Beatrice Daily Sun	beatricedailysun.com	Beatrice, NE	4,515	—
Quad-Cities Group				
Quad-City Times	qctimes.com	Davenport, IA	40,499	52,173
Muscatine Journal	muscatinejournal.com	Muscatine, IA	5,477	—
The Courier	wfcourier.com	Waterloo and Cedar Falls, IA	39,470	42,239
Billings Gazette	billingsgazette.com	Billings, MT	37,436	42,396
Central Illinois Newspaper Group				
The Pantagraph	pantagraph.com	Bloomington, IL	32,683	37,735
Herald & Review	herald-review.com	Decatur, IL	26,154	40,143
Journal Gazette & Times-Courier	jg-tc.com	Mattoon/Charleston, IL	11,642	—
Sioux City Journal	siouxcityjournal.com	Sioux City, IA	29,370	32,611
The Post-Star	poststar.com	Glens Falls, NY	25,316	29,508
Casper Star-Tribune	trib.com	Casper, WY	24,940	21,729
Missoula Group				
Missoulian	missoulian.com	Missoula, MT	23,730	28,236
Ravalli Republic	ravallinews.com	Hamilton, MT	2,107	⁽⁵⁾ 3,414
The Bismarck Tribune	bismarcktribune.com	Bismarck, ND	23,636	26,454
River Valley Newspaper Group				
La Crosse Tribune	lacrossetribune.com	La Crosse, WI	23,515	32,864
Winona Daily News	winonadailynews.com	Winona, MN	8,315	9,531
The Chippewa Herald	chippewa.com	Chippewa Falls, WI	4,731	4,641
The Southern Illinoian	thesouthern.com	Carbondale, IL	23,458	28,661
Rapid City Journal	rapidcityjournal.com	Rapid City, SD	23,004	27,166
The Journal Times	journaltimes.com	Racine, WI	22,562	25,582
Northwest Group				
The Daily News	tdn.com	Longview, WA	20,701	17,877
Albany Democrat-Herald	democratherald.com	Albany, OR	12,728	13,476
Corvallis Gazette-Times	gazettetimes.com	Corvallis, OR	9,903	9,881
The World	theworldlink.com	Coos Bay, OR	7,501	—

Newspaper	Primary Website	Location	Average Units ⁽¹⁾	
			Daily ⁽²⁾	Sunday
The Daily Herald	heraldextra.com	Provo, UT	20,453	26,885
Magic Valley Group				
The Times-News	magicvalley.com	Twin Falls, ID	16,533	17,807
Elko Daily Free Press	elkodaily.com	Elko, NV	5,269	⁽⁵⁾ —
The Sentinel	cumberlink.com	Carlisle, PA	15,387	13,576
Globe Gazette	globegazette.com	Mason City, IA	13,228	17,072
Helena/Butte Group				
Independent Record	helenair.com	Helena, MT	13,145	13,547
The Montana Standard	mtstandard.com	Butte, MT	11,927	11,973
Napa Valley Register	napavalleyregister.com	Napa, CA	11,602	11,924
The Times and Democrat	thetandd.com	Orangeburg, SC	10,809	11,511
Central Coast Newspapers				
Santa Maria Times	santamariatimes.com	Santa Maria, CA	10,748	15,857
The Lompoc Record	lompocrecord.com	Lompoc, CA	3,373	3,456
Arizona Daily Sun	azdailysun.com	Flagstaff, AZ	9,511	9,849
The Sentinel	hanfordsentinel.com	Hanford, CA	7,273	—
The Citizen	auburnpub.com	Auburn, NY	6,807	8,537
The Ledger Independent	maysville-online.com	Maysville, KY	5,442	—
Daily Journal	dailyjournalonline.com	Park Hills, MO	5,160	—
			1,136,084	1,541,449

(1) Source: AAM: Six months ended September 2013, unless otherwise noted.

(2) Not all newspapers are published Monday through Saturday

(3) Owned by Star Publishing and published through TNI.

(4) Owned by MNI.

(5) 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 purchase prices can be volatile and fluctuate based upon factors that include foreign currency exchange rates and both foreign and domestic production capacity and consumption. 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.

EXECUTIVE TEAM

The following table lists our current executive team members:

Name	Age	Service With The Company	Named To Current Position	Current Position
Mary E. Junck	66	June 1999	January 2002	Chairman, President and Chief Executive Officer
Joyce L. Dehli	55	August 1987	February 2006	Vice President - News
Paul M. Farrell	58	October 2013	October 2013	Vice President - Digital Sales
Suzanna M. Frank	43	December 2003	March 2008	Vice President - Audience
Astrid J. Garcia	63	December 2006	December 2013	Vice President - Human Resources
James A. Green	47	March 2013	March 2013	Vice President - Digital
Michael R. Gullede	53	October 1982	September 2012	Vice President - Sales and Marketing
Daniel K. Hayes	68	September 1969	September 2005	Vice President - Corporate Communications
Michele Fennelly White	51	June 1994	June 2011	Vice President - Information Technology and Chief Information Officer
Kevin D. Mowbray	51	September 1986	May 2013	Vice President and Chief Operating Officer
Gregory P. Schermer	59	February 1989	October 2012	Vice President - Strategy
Carl G. Schmidt	57	May 2001	May 2001	Vice President, Chief Financial Officer and Treasurer
Greg R. Veon	61	April 1976	November 1999	Vice President - Publishing

Mary E. Junck was elected Chairman, President and Chief Executive Officer in 2002. She was elected to the Board of Directors of the Company in 1999.

Joyce L. Dehli was appointed Vice President - News in 2006.

Paul M. Farrell was appointed Vice President - Digital Sales in October 2013. From September 2012 to October 2013, he served as Publisher of the Connecticut Media Group of Hearst Media Services. From May 2007 to August 2012, he served as Vice President - Sales and Marketing of the Company.

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

Astrid J. Garcia was appointed Vice President - Human Resources in December 2013. From 2006 to November 2013 she served as Vice President of Human Resources, Labor Relations and Operations of the St. Louis Post-Dispatch.

James A. Green was appointed Vice President - Digital in March 2013. From June 2011 to March 2013, he served as Executive Vice President and General Manager of Travidia, Inc., a developer of newspaper digital shopping media and marketing programs. From 2004 to June 2011 he served as Chief Marketing Officer of Travidia, Inc.

Michael R. Gulledge was elected Vice President - Sales and Marketing in September 2012 and named Publisher of the Billings Gazette in 2000. From 2005 to September 2012 he served as a Vice President - Publishing.

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

Michele Fennelly White was appointed Vice President - Information Technology and Chief Information Officer in June 2011. From 1999 to June 2011, she served as Director of Technical Support.

Kevin D. Mowbray was elected Vice President and Chief Operating Officer in May 2013. From 2004 to May 2013 he served as a Vice President - Publishing and was Publisher of the St. Louis Post-Dispatch from 2006 until May 2013.

Gregory P. Schermer was elected Vice President - Strategy in October 2012. From 1997 to October 2012 he served as Vice-President - Interactive Media. He was elected to the Board of Directors of the Company in 1999.

Carl G. Schmidt was elected Vice President, Chief Financial Officer and Treasurer in 2001. From 2007 to May 2013, he also served as a Vice President - Publishing.

Greg R. Veon was elected a Vice President - Publishing in 1999 and named Publisher of the Quad-City Times in June 2011.

Elected officers are considered to be executive officers for United States Securities and Exchange Commission ("SEC") reporting purposes.

EMPLOYEES

At September 29, 2013, we had approximately 5,000 employees, including approximately 1,300 part-time employees, exclusive of TNI and MNI. Full-time equivalent employees in 2013 totaled approximately 4,600. We consider our relationships with our employees to be good.

Bargaining units represent 432, or 70%, of the total employees of the St. Louis Post-Dispatch, which has six contracts with bargaining units with expiration dates through October 2015.

Approximately 45 employees in four additional locations are represented by collective bargaining units.

CORPORATE GOVERNANCE AND PUBLIC INFORMATION

We have a long, substantial history of sound corporate governance practices. Our Board of Directors has a lead independent director, and has had one for many years. Currently, eight of ten members of our 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, 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 (the "Exchange Act"), 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 Annual Report is not incorporated by reference 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 Note 5 of the Notes to Consolidated Financial Statements, included herein. In February 2009, we completed a comprehensive restructuring of our then-existing credit agreement and a refinancing of our Pulitzer

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Notes debt, substantially enhancing our liquidity and operating flexibility. Since February 2009, we have satisfied all interest payments and substantially all principal payments due under our debt facilities with our cash flows.

Substantially all of our debt was scheduled to mature in April 2012. We used a voluntary, prepackaged petition under the U. S. Bankruptcy Code to accomplish a comprehensive refinancing that extended the maturity to December 2015 for most of our debt, with the remainder maturing in April 2017. Interest expense has increased as a result of the refinancing and mandatory principal payments were reduced. In May 2013, we again refinanced the remaining balance of the Pulitzer Notes (the "New Pulitzer Notes") with BH Finance LLC ("Berkshire"), a subsidiary of Berkshire Hathaway, Inc. Our ability to make payments on our indebtedness will depend on our ability to generate future cash flows. This ability, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

At September 29, 2013, after consideration of letters of credit, we have approximately \$29,942,000 available for future use under our revolving credit facility. Including cash, our liquidity at September 29, 2013 totals \$47,504,000. This liquidity amount excludes any future cash flows. Our unlevered free cash flow has been stable for the last five years and has exceeded \$152,000,000 in each year from 2009 through 2013 but there can be no assurance that such stability will continue. See "Non-GAAP Financial Measures" in Item 7, included herein. We expect all interest and principal payments due in the next twelve months will be satisfied by our continuing cash flows, which will allow us to maintain an adequate level of liquidity.

At September 29, 2013, the principal amount of our outstanding debt totals \$847,500,000, achieving the September 2015 target level in Lee's reorganization plan two years early. Lower cash balances and asset sales have contributed to the improvement in debt repayment compared to the Plan. At September 29, 2013, the principal amount of our debt, net of cash, is 4.8 times our 2013 Adjusted EBITDA, compared to a ratio of 5.3 at September 30, 2012.

We expect to refinance amounts outstanding under our debt agreements on or before their respective maturity dates with other loans, debt securities or equity securities, in privately negotiated transactions (including exchanges), or public offerings. The timing of such refinancing will depend on many factors, including market conditions, our liquidity requirements, our debt maturity profile, and contractual restrictions. We continuously monitor the credit and equity markets for refinancing opportunities, and have ongoing relationships with experts in debt and equity financing to assist us.

There are numerous potential consequences under the 1st Lien Agreement, 2nd Lien Agreement, and the New Pulitzer Notes, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control. The occurrence of one or more events of default would give rise to the right of the 1st Lien Lenders, 2nd Lien Lenders and/or Berkshire, to exercise their remedies under the 1st Lien Agreement, 2nd Lien Agreement and the New Pulitzer Notes, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

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 29, 2013.

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 some elements have still not recovered to

pre-recession levels in either nominal or real (inflation adjusted) terms. Revenue, operating results and cash flows were significantly impacted by the recession and its aftermath. 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 has decreased since 2007 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. If our efforts to adapt to evolving technological developments in the media industry are unsuccessful, or if we fail to correctly anticipate shifts in audience demand and digital media trends, we may be unable to provide the services, media and content that audiences and potential audiences in our markets prefer and we may be unable to provide the returns that our advertisers seek. 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 slow pace of the current economic recovery. 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 changing advertising trends and the current economic environment. All categories of classified advertising have generally declined since 2007. While automobile sales have rebounded significantly, neither the unemployment rate nor the housing industry have, as yet, recovered to pre-recession levels.

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

Subscription Revenue

Although our overall audience is stable and our subscription results have historically benchmarked favorably to national averages, as compiled by the AAM, subscription sales have nonetheless been declining for many years. The

possibility exists that future subscription price increases may be difficult to accomplish as a result of future declines in subscription sales, and that price decreases may be necessary to retain or grow subscription volume. We are maintaining our share of audience through digital audience growth and strong newspaper readership.

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

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

OPERATING EXPENSES

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

We reduced cash costs of our continuing operations (i.e., compensation, newsprint and ink, other operating expenses and workforce adjustments) by \$285 million, or 36%, since 2007. Such expense reductions are not expected to significantly impact our ability to deliver advertising, news or other 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.

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

In addition, technological developments and any changes we make to our business may require significant capital investments. We may be limited in our ability to invest funds and resources in digital products, services or opportunities and we may incur costs of research and development in building and maintaining the necessary and continually evolving technology infrastructure. As a result, our digital business could suffer.

We May Incur Additional Non-Cash Impairment Charges

We have significant amounts of goodwill and identified intangible assets. In 2013, 2011, 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 projected future cash flows, we may be required to record additional impairment charges in the future. Such charges would not impact our cash flows or debt covenant compliance. See “Critical Accounting Policies” in Item 7, included herein, for additional information on the risks associated with such assets.

Sustained Increases In Funding Requirements Of Our Pension Obligations May Reduce The Cash Available For Our Business

Pension liabilities, net of plan assets, totaled \$30.6 million at September 29, 2013, a \$38.1 million improvement from September 30, 2012, due to strong asset returns and an increase in discount rates used to measure the liabilities. Contributions to pension plans are expected to total \$1.4 million in 2014, a 77% reduction from 2013.

Our pension and postretirement plans invest in a variety of equity and debt securities, many of which were affected by the disruption in the credit and capital markets in 2008 and thereafter. Future volatility and disruption in the stock and bond markets could cause further declines in the asset values of our pension plans. In addition, a decrease in the discount rate used to determine the liability for pension obligations could result in increased future contributions. If either occurs, we may need to make additional cash contributions above what is currently estimated, which could reduce the cash available for our business. Moreover, under the Pension Protection Act of 2006, future losses of asset value may necessitate accelerated funding of pension plans in the future to meet minimum federal statutory requirements. Legislation passed in 2012 temporarily reduced funding requirements for our pension plans, but those payments will eventually need to be restored unless discount rates and/or plan assets increase.

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 July 1, 2011, 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 of less than \$50,000,000, our Common Stock could be removed from the NYSE and traded in the over the counter market. In July 2011, the NYSE first notified us that our Common Stock did not meet the NYSE continued listing standards due to the failure to maintain an adequate share price. Under the NYSE rules, our Common Stock was allowed to continue to be listed during a cure period. In February 2012, after completing our debt refinancing, the NYSE notified us that we were again in compliance with the minimum closing price standard. In January 2013, the NYSE notified us that we had returned to full compliance with all continued listing standards.

OTHER

Cybersecurity Risks Could Harm Our Ability To Operate Effectively

In 2013, 14.4% of our advertising and marketing services revenue was obtained from advertising in our digital products, and one of our businesses provides digital infrastructure and digital publishing services for other companies. We use computers in substantially all aspects of our business operations. Such uses give rise to cybersecurity risks, including the misappropriation of personally identifiable information that we store and manage. We have preventive systems and processes in place to protect against the risk of cyber incidents. Prolonged system outages or a cyber incident that would be undetected for an extended period could reduce our print and/or digital revenue, increase our operating costs, disrupt our operations, harm our reputation, lead to legal exposure to customers and/or subject us to liability under laws that protect personal data. We maintain insurance coverage against certain of such risks.

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 are owned, 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 plant. 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 29, 2013 is as follows:

(Square Feet)	Owned	Leased
PD LLC	749,000	7,000
Suburban Journals	41,000	17,000

Several of our daily newspapers, as well as many of our 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

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 our employees and not independent contractors. The plaintiffs seek relief related to alleged violations of various employment-based statutes, and request punitive damages and attorneys' fees. In 2010, the trial court granted the plaintiffs' petition for class certification. We filed an interlocutory appeal which was denied. After concluding discovery, we filed a motion to decertify the class, which was granted as to plaintiffs' minimum wage, overtime, unreimbursed meal and unreimbursed rest period claims. The Company denies the allegations of employee status, consistent with our past practices and industry standards, and will continue to vigorously contest the

remaining claims in the action, which are not covered by insurance. 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 are involved in a variety of other legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these other matters. While we are unable to predict the ultimate outcome of these other 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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. In March 2011, in accordance with the sunset provisions established in 1986, we effected conversion of all outstanding shares of Class B Common Stock to Common Stock. The table below includes the high and low prices of Common Stock for each calendar quarter during the past three years and the closing price at the end of each quarter.

(Dollars)	Quarter Ended December	March	June	September
2013				
High	1.75	1.48	2.18	3.20
Low	1.10	1.15	1.21	2.03
Closing	1.14	1.27	2.04	2.70
2012				
High	0.91	1.73	1.99	1.67
Low	0.49	0.69	1.07	1.15
Closing	0.70	1.28	1.62	1.48
2011				
High	2.94	3.41	3.47	1.15
Low	1.72	2.24	0.79	0.58
Closing	2.46	2.70	0.89	0.78

As of July 1, 2011, 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 of less than \$50,000,000, our Common Stock could be removed from the NYSE and traded in the over the counter market. In July 2011, the NYSE first notified us that our Common Stock did not meet the NYSE continued listing standards due to the failure to maintain an adequate share price. Under the NYSE rules, our Common Stock was allowed to continue to be listed during a cure period. In February 2012, after completing our debt refinancing, the NYSE notified us that we were again in compliance with the minimum closing price standard. In January 2013, the NYSE notified us that we had returned to full compliance with all continued listing standards.

At September 29, 2013, we had 6,941 holders of record of our Common Stock.

Our debt agreements require us to suspend stockholder dividends and share repurchases through December 2015. See Note 5 of the Notes to Consolidated Financial Statements, included herein.

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, 2013 (with September 30, 2008 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.

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The value of \$100 invested on September 30, 2008 in stock of the Company, the Peer Group Index and in the S&P 500 Stock Index, including reinvestment of dividends, is summarized in the table below.

(Dollars)	September 30					
	2008	2009	2010	2011	2012	2013
Lee Enterprises, Incorporated	100.00	78.57	76.57	22.29	42.29	75.43
Peer Group Index	100.00	78.19	74.82	58.55	91.16	144.26
S&P 500 Stock Index	100.00	93.09	102.55	103.72	135.05	161.17

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 seven 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, The New York Times Company, The E.W. Scripps Company and The Washington Post Company.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data is as follows:

(Thousands of Dollars and Shares, Except Per Common Share Data)	2013	2012	2011	2010	2009
OPERATING RESULTS ⁽¹⁾ ⁽²⁾					
Operating revenue	674,740	706,921	723,221	743,927	800,738
Operating expenses, excluding depreciation, amortization, and impairment of goodwill and other assets	514,013	544,204	560,729	575,659	637,607
Depreciation and amortization	55,637	65,139	69,496	71,086	77,344
Impairment of goodwill and other assets ⁽³⁾	171,094	1,388	204,289	899	244,548
Curtailement gains	—	—	16,137	45,012	—
Equity in earnings of associated companies	8,685	7,231	6,151	7,746	5,120
Reduction in investment in TNI ⁽³⁾	—	—	11,900	—	19,951
Operating income (loss)	(57,319)	103,421	(100,905)	149,041	(173,592)
Financial income	300	236	296	411	1,886
Interest expense	(89,447)	(83,078)	(52,696)		