2002 ANNUAL REPORT

LEE ENTERPRISES

Lee Enterprises is a 112-year-old company with a passion for local newspapers and a strong belief in their future. It is based in Davenport, Iowa, and its stock is traded on the New York Stock Exchange under the symbol LEE.

With the acquisition of 16 newspapers and a joint interest in another in 2002, Lee is the 12th largest newspaper company in the country and the premier group serving midsize communities. Lee's 44 daily newspapers in 18 states have combined circulation of 1.1 million daily and 1.2 million Sunday.

Lee also owns more than 175 weekly newspapers, shoppers and specialty publications. In addition, its daily newspapers operate an expanding array of online services. Lee has approximately 6,700 employees.

Corporate Headquarters
Lee Enterprises, Incorporated
215 N. Main St.
Davenport, IA 52801-1924
(563) 383-2100

Securities Market
New York Stock Exchange
Trading symbol: LEE

Annual Meeting
The 2003 annual meeting of Stockholders will be held at the Radisson Quad City Plaza Hotel & Conference Center, 111 E. 2nd St., Davenport, IA, at 9:00 a.m. on Wednesday, January 22, 2003.

Transfer Agent and Registrar
EquiServe Trust Company
P.O. Box 2500
Jersey City, NY 07303-2500
(800) 446-2617
www.equiserve.com
For online access to your account:
http://gateway.equiserve.com

Stockholder Inquiries
Communication concerning the transfer of shares, lost certificates or changes of address should be directed to the Transfer Agent.

General Counsel
Lane & Waterman
220 N. Main St., Suite 600
Davenport, IA 52801-1987

Online Information:
At **www.lee.net**, you may access a wide variety of information, including news releases, Securities and Exchange Commission filings, financial statistics, annual reports, presentations, governance facts, newspaper profiles and online links. You also may sign up for e-mail notification of filings and releases.

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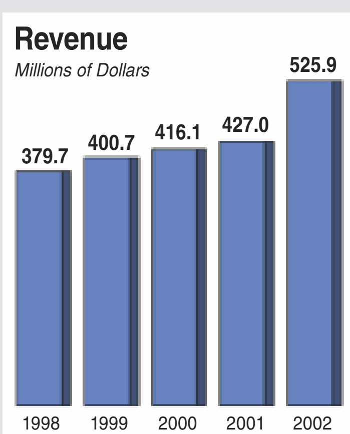
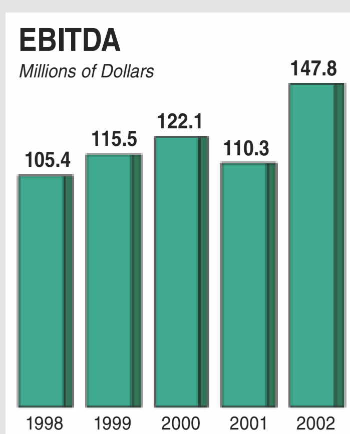
Summary Financial Information

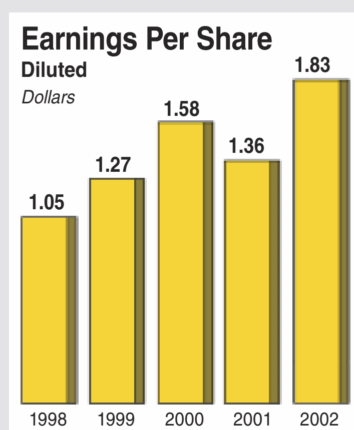
Lee Enterprises, Incorporated, and Subsidiaries

(Thousands, Except Per Common Share Data)	2002	2001
For The Year Ended September 30		
Operating revenue	**$ 525,896**	$ 426,966
Income before interest, taxes, depreciation and amortization (EBITDA)	**147,830**	110,332
Operating income	**121,837**	86,626
Income from continuing operations	**81,029**	59,829
Discontinued operations	**946**	254,399
Net income	**81,975**	314,228
At Year End		
Total assets	**$1,463,830**	$1,000,397
Debt, including current maturities	**409,300**	173,400
Stockholders' equity	**741,256**	681,944
Per Common Share (Diluted)		
Income from continuing operations	**$ 1.83**	$ 1.36
Discontinued operations	**0.02**	5.77
Net income	**1.85**	7.13
Dividends	**0.68**	0.68
Ratios		
EBITDA as a percent of revenue	**28.1%**	25.8%
Income from continuing operations as a percent of revenue	**15.4%**	14.0%

Continuing Operations







To Our Stockholders

Fiscal 2002 was a huge and successful year for Lee.

We completed the largest acquisition, by far, in our 112-year history. At the same time, by continuing to focus on our key priorities, we delivered outstanding operating results.

Earnings per share increased 35 percent on a reported basis and 10 percent when adjusted for non-operating factors. Revenue increased 23 percent, EBITDA increased 34 percent, and EBITDA margin improved to 28 percent. Operating income increased 41 percent.

Three-fourths of our newspapers and regional business units exceeded their internal operating plans — an impressive achievement in a tough economic year. We're driving revenue, increasing circulation, improving our news products, enriching our online sites and carefully controlling expenses. That's our strategy, and it's working.

Mary Junck
Chairman, President and Chief Executive Officer

Photograph of Mary Junck for Parade Magazine by Gwendolen Cates

Meanwhile, we're ahead of schedule at the 16 daily newspapers we acquired from Howard Publications in April, as they rapidly began making a positive contribution to operating results.

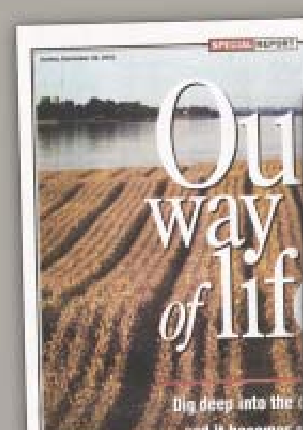
The new newspapers raise our circulation by more than 75 percent, to 1.1 million daily and 1.2 million on Sunday, and increase our revenue by nearly 50 percent.

On the day of the announcement back in February, I described the purchase of Howard Publications as "the opportunity of a business lifetime." In the time since, the publishers at those new papers have absolutely proved me right.

We all moved quickly, those of us in "Old Lee" and the people who joined us. Together, we wrapped up a huge acquisition inside of two months. We put new systems into place. We trained key leaders in Lee ways. And we introduced Lee's sales, circulation and online programs at the new newspapers, with immediate results. During the process, Lee veterans have learned many successful practices, too, from our new colleagues. We continue to be delighted with the quality and enthusiasm of the people who have come aboard.

Our early success with Howard reinforces our desire to grow through acquisitions. Our acquisition

Our Way of Life sections provided unique, interesting and intensely local coverage.



strategy continues to focus on newspapers with circulation of 30,000 to 125,000 in quality markets. We love these midsize markets and have an approach that works.

Here are a few of the many success stories around our five top priorities:

✔ Grow revenue creatively and rapidly

We've conducted advertising sales blitzes in 12 of the new markets, generating signed contracts amounting to $1.5 million so far. The blitz in Oceanside/Escondido alone generated more than $400,000 in contracts. All together, our blitz teams in 2002 rang up revenue totaling $11.7 million.

Meanwhile, we've conducted online sales blitzes in eight of the new markets, generating contracts totaling $650,000.

In our River Valley region around La Crosse, Wisconsin, and Winona, Minnesota, we combined sales staffs in order to cross-sell advertising into both dailies and a dozen weeklies. The result: New cross-sell revenue exceeded $500,000. A similar effort began this fall at our publications around Chippewa Falls, Wisconsin.

Along with more cross-selling throughout Lee, we're continuing to develop niche and specialty publications. For example, only three weeks after joining Lee, our new newspaper in Waterloo launched a *Wheels* publication. Northern Iowa *Wheels For You* also now serves our Mason City market.

Our *Wheels* publications around Lee are modeled after a multi-state powerhouse *Wheels* publication in Lincoln, Nebraska. It averages more than 100 pages in two zones, while a newer edition in Kansas is up to 80 pages per issue. A companion *Wheels for You* online site features more than 7,000 used vehicles.

In Nebraska, we expanded our biggest agricultural publication, *Midwest Messenger*, into Iowa. In North Dakota, we extended *Farm & Ranch Guide* by launching *Minnesota Farm Guide*.

In Montana, our five daily newspapers joined together last spring to produce a statewide tourism section that was so popular it was followed by another in the fall, and a third is in the works.

Across all of Lee, our news departments collaborated on Our Way of Life special sections detailing local census results and the quality of life in each community. The sections received praise from readers and advertisers, and revenue totaled more than $500,000.

For the year, our revenue performance again placed us at or near the top of our industry. In a tough environment, our same-property retail ad revenue increased a respectable 0.6 percent. Classified help-wanted revenue continued to sag across the country, down 22 percent for Lee, resulting in a same-property total ad revenue decline of 2 percent. To address this problem, we have launched a Lee-wide recruitment advertising initiative, using 20 best practices and benchmarks that will help us improve sales pressure and effectiveness.

Kevin Mowbray, a veteran of eight newspaper operations in Lee and one of our most experienced sales leaders, was promoted to Vice President – Sales & Marketing. He succeeds Michael Phelps,

who has become Publisher of the *Quad-City Times* in Davenport and who continues as one of our operating vice presidents.

✔ Improve circulation and readership

Our circulation continues to grow.

We've zeroed in on sales, service, promotion and retention. We've developed better ways and we've shared them throughout Lee. One of our innovations, an In-Paper Promotion Toolkit, has been adopted by the Readership Institute at Northwestern University as an example for the industry.

As a result of our efforts, our six-month average circulation was up for the third Audit Bureau of Circulations reporting period in a row. For the September 2002 report, our same-property growth was 1.1 percent daily and flat on Sunday. This followed gains of 1.8 percent daily and 0.4 percent Sunday in the March report, and a gain of 0.7 percent daily in the report of September 2001.

To underscore this priority, we have appointed a vice president for circulation, Nancy Green, who in a staff role has been a key resource behind our two consecutive years of circulation growth.

✔ Emphasize strong local news

Local news is the heart of our business. It's where we draw our strength, and it's why our newspapers fill such a unique and vital role in their communities. Our readers rely on us for the wide and deep expanse of news and information they can't get anywhere else, and they remind us of their trust every day with phone calls, letters, e-mails and personal visits.

Typical of their comments are these from a recent reader focus group in Butte, Montana: "The newspaper is a reflection of who we are" and "It's the conscience of the community." Our newspaper in Butte, *The Montana Standard*, has served as that conscience of the community since 1889. Some of our other newspapers have earned the trust of their communities for more than 150 years.

In Lee, all news and content decisions are made locally by the editor and publisher, but we share the same values and follow Lee's Principles for Quality Journalism, developed by our editors. We also share resources, under the guidance of our Vice President – News, David Stoeffler. You can get a glimpse of some of Lee's best journalism at Lee's Editorial Matters website, which has become a resource for our reporters, editors and photographers. You can access it via www.lee.net.

✔ Build our online future

We've moved quickly to get our new newspapers onto our online platforms and operating with our content and revenue approaches.

We've also redesigned our existing sites, following a successful model invented at the *Billings Gazette* that attracts more users and provides more effective online advertising. *(See President's Awards citations on Page 8.)*

As part of our initiative to gain more help-wanted advertising, we've added or expanded employment

http://editorialmatters.lee.net — a resource for news staffs

www.billingsgazette.com — a model for Lee

sites, and many of our newspapers have developed popular automotive and real estate sites, in addition to our other online classified listings.

On a same-property basis, online revenue grew 22 percent in 2002, and page views increased by 35 percent. In 2003, with our new newspapers added in, we're on course to increase online revenue by more than 50 percent.

Our online subsidiary, TownNews.com, grew again in 2002, and is now providing Internet services for more than 650 newspapers.

✔ Exercise careful cost controls

Because of the continued advertising slowdown, particularly in classified employment, our publishers and their management teams have had to keep a closer eye on costs, and in some cases make hard choices. The lower cost of newsprint gave us a good break, but we were whacked by big increases in medical and insurance costs.

With our acquisitions, our larger size should provide opportunities to realize economies of scale. Still, we'll need to remain careful with costs in 2003.

Corporate responsibility

We have undertaken a comprehensive review of our financial safeguards and management practices in light of new requirements of the New York Stock Exchange, the Securities and Exchange Commission and the Sarbanes-Oxley Act.

To assure our full compliance, as well as to remain in the forefront of corporate responsibility, we have updated our procedures. In our case, the revisions are relatively minor, as Lee has a century-long history of sound accounting policies, coupled with strong corporate governance by independent directors on our board. Corporate governance documents and our updated Code of Business Conduct and Ethics are available at www.lee.net.

Also, last summer we announced that we will begin expensing employee stock option grants, becoming among the first in a growing list of companies across the country to do so.

* * *

For 2003, our top priorities remain exactly the same.

Actually, when you boil them down, they aren't far removed from the ones that Alfred Wilson Lee pointed to when he started our company in 1890.

One priority, he said, was to stay strong financially in order to protect editorial independence. Another priority, he said, was to emphasize the "NEWS" in "NEWSpaper" and remain as local "as the city hall or the town pump." As a result, his goal was "to publish the best newspaper that can be successfully produced."

After 112 years, thanks to our inspired and dedicated employees, those traditions continue.

With best wishes for the new year,

Mary Junck
Chairman, President and Chief Executive Officer

Our top priorities remain exactly the same in 2003.

Operations and Markets

Daily Newspapers

● **NEW IN 2002**

	City	Newspaper	Daily Circ.*	Sunday Circ.*
	Madison, WI	*Wisconsin State Journal* and *The Capital Times***	109,958	154,427
●	Oceanside and Escondido, CA	*North County Times*	92,490	93,337
●	Munster, IN	*The Times*	84,176	91,673
	Lincoln, NE	*Lincoln Journal Star*	74,586	83,387
	Davenport, IA	*Quad-City Times*	51,385	71,239
	Billings, MT	*Billings Gazette*	47,019	52,684
●	Waterloo, IA	*Waterloo-Cedar Falls Courier*	44,688	52,182
●	Sioux City, IA	*Sioux City Journal*	41,577	42,243
	Decatur, IL	*Herald & Review*	34,831	41,249
●	Glens Falls, NY	*The Post-Star*	34,202	37,650
	La Crosse, WI	*La Crosse Tribune*	31,903	40,879
●	Casper, WY	*Casper Star-Tribune*	30,646	33,369
	Missoula, MT	*Missoulian*	30,066	34,998
	Rapid City, SD	*Rapid City Journal*	29,820	34,242
	Racine, WI	*The Journal Times*	29,217	31,336
	Carbondale, IL	*The Southern Illinoisan*	28,267	36,381
	Bismarck, ND	*The Bismarck Tribune*	27,531	31,120
●	Twin Falls, ID	*The Times-News*	22,656	23,103
●	Longview, WA	*The Daily News*	22,350	21,704
	Mason City, IA	*Globe Gazette*	19,005	23,005
	Albany, OR	*Democrat-Herald*	17,989	31,401
●	Orangeburg, SC	*The Times and Democrat*	17,970	18,375
●	Carlisle, PA	*The Sentinel*	14,739	14,918
	Butte, MT	*The Montana Standard*	14,383	14,412
	Helena, MT	*Independent Record*	13,713	14,610
●	Freeport, IL	*The Journal-Standard*	13,693	14,003
●	Corning, NY	*The Leader*	13,385	13,146
●	Auburn, NY	*The Citizen*	13,084	14,752
	Corvallis, OR	*Corvallis Gazette-Times*	11,949	***
	Winona, MN	*Winona Daily News*	11,545	12,258
●	Mattoon, IL	*Journal Gazette*	11,201	
●	Beaver Dam, WI	*Daily Citizen***	10,593	
	Columbus, NE	*Columbus Telegram*	9,471	10,373
●	Maysville, KY	*The Ledger Independent*	8,491	
	Fremont, NE	*Fremont Tribune*	8,299	
	Muscatine, IA	*Muscatine Journal*	7,998	
	Beatrice, NE	*Beatrice Daily Sun*	7,983	
	Chippewa Falls, WI	*The Chippewa Herald*	6,987	7,063
●	Charleston, IL	*Times-Courier*	6,904	
	Shawano, WI	*Shawano Leader***	5,639	6,085
	Portage, WI	*Portage Daily Register***	4,850	
	Hamilton, MT	*Ravalli Republic*	4,468	
	Baraboo, WI	*Baraboo News Republic***	3,975	
		Total Lee circulation	**1,125,682**	**1,201,604**

* *9/30/02 Audit Bureau of Circulations Publisher Statements and company statistics.*
** *Published by Madison Newspapers Inc., owned jointly with The Capital Times Co.*
*** *Joint Sunday publication of Albany and Corvallis.*

Other Publications

CALIFORNIA
Oceanside/Escondido – **Coupon Clipper**, 56,500 monthly; **Hispanos Unidos**, 21,000 weekly; **Oceanside Magazine**, 85,500 quarterly; **Super Savers**, 190,000 weekly.

IDAHO
Twin Falls – **Ag Weekly**, 15,000 Sat; **Dairy Monthly**, 15,500; **Horse Quarterly**, 15,500; **Cattle Country**, 15,500 quarterly; **Magic Values Shopper & Auto Trader**, 22,000 weekly; **Southern Idaho Business**, 6,700 monthly; **TV Weekly**, 26,500.

ILLINOIS
Carbondale – **Flipside**, 32,000 Thurs.; **Southern Business Journal**, 8,300 monthly; **SI Real Estate**, 10,000 monthly; **At Home With Flipside**, 35,100 Tues.; **Wheels For You**, 5,000 bi-weekly.
Decatur – **Business Journal**, 8,300 monthly; **Homes**, 18,100 monthly; **Limited Edition**, 9,000 quarterly; **Prairie Shopper**, 27,300 Tues.
Freeport – **Family Saver**, 12,500 weekly; **Homefront Real Estate Magazine**, 24,000 bi-monthly; **Hometown Connections**, 7,500 Thurs.

IOWA
Quad-Cities– **Bettendorf News**, 10,000 Thurs.; **Quad-City Advertiser**, 23,000 Wed.; **Wheels For You**, 14,000 bi-weekly; **Thrifty Nickel**, 15,200 Thurs.; **Wheels For You**, 14,000 bi-weekly, **Work For You**, 3,000 Tues. **Muscatine** – **Classic Images**, 5,700 monthly; **Films of the Golden Age**, 6,500 quarterly; **The Post**, 20,500 Tues.; **Sunday Express**, 4,200 Sun.
Mason City SBU – **Business Journal**, 3,000 monthly; **Globe Advertiser**, 4,300 Tues.; **Mason City Shopper**, 28,200 Tues.; **North Iowa Women**, 5,000 bi-monthly; **Prime Time**, 10,000 bi-monthly; **Real Estate Extra**, 14,500 monthly; **Wheels For You**, 8,000 bi-weekly; **Britt Tribune News**, 1,400 Wed.; **Forest City Summit**, 2,700 Wed.; **Winnebago/ Hancock Shopper**, Forest City, 10,000 Tues. **Osage** — **Mitchell County Press**, 3,200 Wed.; **Town & Country Shopper**, 3,300 Wed.
Sioux City — **Careers**, 53,000 monthly; **House to Home**, 53,000 bi-monthly; **Sioux City Shopper's Guide**, 44,000 weekly; **Siouxland Active Seniors**, 10,000 monthly; **Siouxland Business Journal**, 12,000 monthly; **Siouxland Homes**, 53,000 weekly; **Siouxland Weekly XL**, 10,000 weekly.
Waterloo/Cedar Falls – **BizLink**, 7,000 monthly; **The Hometowner**, 60,000 Tues.; **House-to-Home,** quarterly; **Pulse**, 45,000 weekly; **The Review**, 24,000 Tues.; **Wheels For You**, 15,000 bi-weekly.

KENTUCKY
Maysville – **The Advertiser**, 21,500 Mon.

MINNESOTA
Winona – **Neighbors Extra**, 9,500 Sat.

MONTANA
Billings – **TV Focus**, 1,400 Sat.; **Thrifty Nickel**, 26,500 Thurs.; **Western Business**, 6,000 monthly; **Work For You**, 26,500 Thurs.; **Yellowstone Shopper**, 18,000 Thurs.
Butte area — **Mini Nickel**, Bozeman, 26,000 Thurs.; **Celebrity**, 25,400 Thurs.; **Work For You**, 12,000 Wed.; **In Business**, 8,000 quarterly; **Western Shopper**, Deer Lodge, 4,000 Thurs.; **Three Rivers Edition**, Dillon, 5,750 Thurs.
Helena — **The Adit**, 25,000 Wed.; **Montana Magazine**, 42,000 bi-monthly.
Missoula – **The Autofinder**,

22,000 bi-weekly; **Entertainer**, 35,000 Thurs.; **The Messenger**, 24,000 Wed.; **Western Montana In Business**, 7,000 quarterly.
Hamilton – **Ravalli Wrapper**, 8,800 Wed.
Great Falls – **Prairie Star**, Great Falls, 18,000 bi-weekly.

NEBRASKA
Beatrice – **Penny Press**, 20,500 Tues.; **Sunland Home Showcase**, 2,000 monthly; **Sunland Mid-W eek**, 5,400 Wed.; **Weekender**, 15,150 Sat.
Columbus – **Columbus Area Choice**, 25,000 Tues.; **Scout Shopper**, 13,500 Tues.; **David City Banner Press**, 3,800 Thurs.
Fremont – **Homefront Buyers Guide**, 19,500 Thurs.; **Tribune Marketplace**, 21,000 Tues.
Hebron – **The Adviser**, 7,900 Tues.
Lincoln – **Home Showcase**, 63,500 monthly; **L Magazine**, 10,500 monthly; **Lincoln Real Estate**, 7,500 monthly; **Neighborhood Extra**, 56,000 Sat.; **Rentals For You**, 7,500 weekly; **Star City Sports**, 10,000 monthly; **Star Express**, 30,000 weekly; **Wheels For You**, 25,000 each in East, West, N. Kansas and S. Kansas zones; **Work For You**, 4,000 bi-weekly.
Plattsmouth – **Plattsmouth Journal**, 5,300 Thurs.; **Consumer Connection**, 16,000 Tues.
Schuyler – **Schuyler Sun**, 2,950 Thurs.
Tekamah – **Burt County Plaindealer**, 2,000 Tues.; **Midwest Messenger**, 185,000 bi-weekly agricultural.

NEW YORK
Auburn – **The Weekly Citizen**, 19,000.
Glens Falls – **The Scene**, weekly.

NORTH DAKOTA
Bismarck – **Jobs Magazine**, 3,000 Mon.; **Farm & Ranch Guide**, 36,000 bi-weekly; **Minnesota Farm Guide**, 25,000 bi-weekly; **The Finder**, 39,000 Wed. **Minot Finder**, 25,000 Thurs.; **Dickinson Finder**, 6,700 Thurs.; **Mandan News**, 1,700 Thurs.

OREGON
Albany/Corvallis – **This Week**, 19,000 Wed.; **Lebanon Express**, 2,800 Wed.
Cottage Grove – **Cottage Grove Sentinel**, 4,500 Wed.
Newport – **Newport News-Times**, 10,000 Wed./Fri.; **Coast On Over**, 40,000 monthly; **This Week**, 10,500 Tues.
Portland – **Nickel Ads**, 173,000 Wed.
Springfield – **The Springfield News**, 11,000 Wed./Sat.

PENNSYLVANIA
Carlisle – **The Sentinel Direct**, 24,000 monthly; **The Sentinel Weekly, Carlisle**, 16,500 Mon.; **The Sentinel Weekly, Perry**, 16,500 Mon.; **The Shippensburg Sentinel**, 11,450 Tues.; 1,600 Sat.

SOUTH CAROLINA
Orangeburg – **Shopper's Extra**, 15,000 weekly.

SOUTH DAKOTA
Rapid City – **Black Hills Bandit**, 7,000 Fri.; **Rapid City Advertiser**, 14,660 Wed.; **Northern Hills Journal**, 6,600 Wed.; **Northern Hills Advertiser**, Spearfish, 19,900 Wed.; **Wheels For You**, 14,000 bi-monthly.
Sioux Falls – **Tri-State Neighbor**, 29,000 bi-weekly agricultural.

WASHINGTON
Lynnwood/Seattle – **Little Nickel**, 320,000 Wed.-Thurs.
Kennewick – **Nickel Nik Classifieds**, 30,000 Thurs.; **Wheel Deals**, 22,000 Fri.
Moses Lake – **Nickel Saver**, 20,000 Thurs.; **Homes**, 22,000 monthly.
Spokane – **Driveline**, 23,000 Fri.; **Home Buyers**, 17,500 monthly; **Nickel Nik,** 28,000 Fri.; **Nickel Nik Wheel Deals**, 44,000 Fri.; **Nickel Nik RV Wheel Deals**, 33,000 Fri.
Wenatchee – **NCW Nickel Ads**, 25,000 Thurs.; **NCW Real Estate Guide**, 22,000 monthly.
Walla Walla – **Buyline**, 22,000 Thurs.

WISCONSIN
Chippewa Falls – **Chippewa Advertiser**, 12,500 Sun.; **Your Family Shopper**, 31,800 Sat.
Eau Claire – **Tradin' Post Buyer's Guide**, 28,000 Tues.
Melrose – **Melrose Chronicle**, 3,800, Thurs.
Menomonie – **Dunn County Homes**, 22,500 monthly; **Dunn County News**, 4,400 Wed./Sun.; **Dunn County Reminder**, 22,000 Wed.; **Dunn County Shopper**, 17,000 Sun.
La Crosse – **Home Buyers Guide**, 10,500 monthly; **Enterpriser**, 5,400 quarterly; **River Valley Business Report**, 7,000 quarterly; **Tri-County Foxxy Shopper,** 35,100 Mon.; **Wheels for You**, 21,000 bi-weekly; **Work For You**, 15,000 Tues.
Sparta – **Home Buyers Guide**, 10,500 monthly; **Senior Sample**, 16,800 monthly; **Triad**, 4,200 bi-weekly; **Sparta Foxxy Shopper**, 15,950 Mon.
Tomah – **Tomah Journal**, 4,850 Mon.; **Monitor Herald**, 4,850 Thurs.; **Tomah Foxxy Shopper**, 13,250 Mon.
Viroqua – **Viroqua Foxxy Shopper**, 15,600, Mon.; **Vernon County Broadcaster**, 5,400 Thurs.
Westby – **Westby Times**, 1,600 Thurs.
West Salem – **Coulee News**, 2,100 Thurs.
Racine – **Pennysaver**, 55,000 Mon.; **Work For You**, 4,000 Tues.

WISCONSIN, MNI
Madison Newspapers Inc., publishes the *Wisconsin State Journal* and *The Capital Times*. MNI also publishes the *Daily Citizen* in Beaver Dam, the *Baraboo News Republic*, the *Portage Daily Register* and the *Shawano Leader*, as well as other publications in Wisconsin. Lee Enterprises owns 50% of Madison Newspapers Inc. and supplies news and editorial content for the *Wisconsin State Journal*. The Capital Times Company oversees news and editorial content of *The Capital Times*.
Madison – **Ad World**, 27,000 Mon.; **Agri-View**, 43,000 Thurs.; **Apartment Showcase**, 15,000 Fri.; **Nursing Matters**, 60,000 monthly; **Shopper Stopper Extra South**, 40,000 Sat.; **Shopper Stopper North**, 30,600, Wed.; **Shopper Stopper South**, 24,400, Wed.; **Shopper Stopper West**, 26,300 Wed.; **Work For You**, 12,800 Tues.
Beaver Dam – **Columbus Journal**, 2,000 Sat; **Monday Marketeer**, 18,600 Mon.; **Monday-Mini** ; 19,700 Mon.; **Neighbors**, 8,000 Sat.; **Shopper's View**, 10,400 Mon.; **Shopping Reminder**, 8,500 Wed.; **Tri-County**, 29,200 Wed.
Mauston – **Juneau County Star-Times** , 2,850 Wed./Sat.; **Wisconsin Reminder**, 15,000 Wed./Sun.
Portage – **Shopper Stopper**, 53,600 Wed.; **Shopper Stopper Extra**, 40,500 Sun.
Reedsburg Times-Press, 1,350 Wed./Sat.
Sauk City – **Sauk Prairie Eagle,** 1,650 Wed./Sat.
Shawano – **Penny Saver**, 12,600 Wed./Sun.
Wisconsin Dells Events, 2,000 Wed./Sat.

WYOMING
Casper – **Real Estate Monthly**, 6,500.

Other Lee Operations

Online — Links to newspaper websites: www.lee.net.
Online services – Townnews.com, Moline, IL; **ISP**, Oceanside/Escondido, CA, and Casper, WY.
Commercial Printing – **Broadwater Printing,** Townsend, MT; **Hawkeye Printing and Trico Communications**, Davenport, IA; **Little Nickel Quik Print,** Lynnwood, WA; **Journal Star Commercial Printing**, Lincoln, NE; **Platen Press,** Butte, MT; **Spokane Print & Mail**, Spokane, WA; **Triangle Press**, Chippewa Falls, WI; **William Street Press,** Decatur, IL.; **Wingra Printing,** Madison, WI.
Books – **Farcountry Press,** Helena, MT.

LEE ENTERPRISES MARKETS

Honors

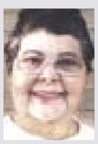
Lee President's Awards

THE BEST IN LEE
PRESIDENT'S AWARDS 2002

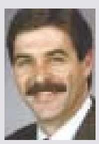
NEWS: **Staff of the *Rapid City Journal*** in South Dakota, for inspired and comprehensive coverage of devastating wildfires and drought in western South Dakota. From left, standing: Sheri Sponder, Heidi Bell Gease, Bill Cissell, Dan Daly, Steve Miller, Phyllis Person, Laura Tonkyn, Barbara Tomovick and Eric Lochridge. Seated: Pat Dobbs, managing editor, and Peggy Sagen, editor.

NEWS: **Ed Kemmick**, *Billings Gazette* in Montana, for a captivating 11-day narrative series about homelessness and hopelessness among teen-agers living on the fringe of society.

NEWS: **Marc Chase**, *Quad-City Times* in Davenport, Iowa, for "Who's Watching Our Kids?" — an investigative series revealing that the state was paying felons to provide daycare for children.



LEE SPIRIT: Presented posthumously to **Helen "Joan" Boyd**, who has left an enduring legacy of serving and caring for others at the *North County Times* in Oceanside/Escondido, Calif. After her death in August, fellow employees decided to name one Saturday a year in her memory and join together in deeds of community service.



ENTERPRISE OF THE YEAR: **River Valley Newspapers**, which comprises the *La Crosse Tribune* in Wisconsin, the *Winona Daily News* in Minnesota and a group of regional weekly newspapers and specialty publications, led by **Mike Jameson**, publisher of the *La Crosse Tribune* and president of the group.

INNOVATION: (From left) **Andy Heggen**, **Bob Gibson**, **Neil Wagner** and **Patrick Williams** of the *Billings Gazette*, "for defining and building the ideal newspaper website," so appealing that it immediately attracted twice as many users and filled up with advertisers.

INNOVATION: "E-Team" at *The Southern Illinoisan* in Carbondale, for developing an e-mail marketing program. Left, front: Scott Powers, Cheryl Johnson and Chris Edmonds. Back: Dennis M. DeRossett, publisher; Amanda Bradham and David Fiedler.

INNOVATION: "Top Jobs Team" at the *Quad-City Times* in Davenport, Iowa, for executing a highly successful online classified employment advertising program that places help-wanted ads throughout the newspaper website similar to run-of-paper advertising. Front, left: Beth Foltz, Jamie Belha, Belinda Castro and Ellen Harrison. Back: Karrie Bragg, Debby Weathers, Lori Wright, Julie Quinn, Don Farber, Matt Sobrocinski, Michelle Smith and Mark Monroe.

National News Awards

The ***Quad-City Times*** in Davenport, Iowa, and ***The Daily News*** in Longview, Wash., swept the Suburban Newspapers of America awards, each winning Newspaper of the Year designation in the two circulation categories.

The ***Wisconsin State Journal*** in Madison received three national honors. The staff won top investigative reporting awards from the Society of Professional Journalists and Inland Press Association. Also, Ron Seely received a national environmental reporting award from the Scripps Howard Foundation.

The Post-Star in Glens Falls received a National Headliner Award in its circulation class for spot news coverage of the Sept. 11 attacks.

Editor & Publisher magazine honored John Luke of ***The Times*** of Northwest Indiana for best sports photo in the 50,000 to 199,000 circulation group.

Denise Turner and the ***The Times-News*** in Twin Falls, Idaho, were honored by Religious Newswriters Association for the best religion section for papers under 50,000 circulation.

Top State Awards

Best of class: In New York, ***The Citizen*** in Auburn and ***The Post-Star*** in Glens Falls were chosen by the New York State Associated Press as "newspapers of distinction" for their circulation groups. The ***La Crosse Tribune*** won the Wisconsin Newspaper Association award for general excellence for papers of its size. ***The Southern Illinoisan*** in Carbondale was similarly honored by the Illinois Press Association. ***The Sentinel*** in Carlisle won the sweepstakes honor in the Keystone Press Awards. The ***Journal Gazette*** in Mattoon won general excellence awards from the Illinois Press Association, Illinois AP Editors and Southern Illinois Editorial Association.

Online: Online sites in Billings, Davenport and Munster were honored as the best in their states by press groups.

Community service: The ***Casper Star-Tribune***, the ***Herald & Review*** in Decatur, ***The Sentinel*** in Corning and ***The Times and Democrat*** in Orangeburg were recognized in state contests for community or public service.

First Amendment: The ***Montana Standard*** in Butte and the ***Waterloo Courier*** in Iowa won state awards for their efforts fighting for freedom of information for all citizens.

For a list of more awards in Lee, please see www.lee.net.

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 30, 2002

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.)

215 N. Main Street, 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 - $2.00 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 - $2.00 par value	

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. [ ]

State the aggregate market value of voting stock held by nonaffiliates of the Registrant as of November 29, 2002. Common Stock and Class B Common Stock, $2.00 par value, $1,493,437,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 29, 2002. Common Stock, $2.00 par value, 34,741,422 shares and Class B Common Stock, $2.00 par value, 9,672,943 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement dated December 27, 2002 are incorporated by reference in Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for forward-looking statements. This report contains information that may be deemed forward-looking and that is based largely on the Company's 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 are changes in advertising demand, newsprint prices, interest rates, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in integration of acquired businesses or maintaining employee and customer relationships and increased capital and other costs. The words "may," "will," "would," "could," "believes," "expects," "anticipates," "intends," "plans," "projects," "considers" and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this report. The Company does not undertake to publicly update or revise its forward-looking statements.

PART I

ITEM 1. BUSINESS

The Company directly, and through its ownership of associated companies, publishes 44 daily newspapers in 18 states and more than 175 other weekly, classified and specialty publications, along with associated online services. The Company was founded in 1890, incorporated in 1950, and listed on the New York Stock Exchange in 1978. Before 2001, the Company also operated a number of network-affiliated and satellite television stations.

In April 2002, the Company acquired ownership of 15 daily newspapers and a joint interest in the Sioux City, Iowa daily newspaper by purchasing Howard Publications, Inc. (Howard). This acquisition was consistent with the strategy the Company announced in 2000 to buy daily newspapers with circulation of 30,000 to 125,000. These acquisitions increased the Company's circulation by more than 75 percent, to 1.1 million daily and 1.2 million on Sunday, and increased its revenue by nearly 50 percent. In July 2002, the Company acquired the remaining 50 percent of the Sioux City newspaper.

The Company owns 50% of the capital stock of Madison Newspapers, Inc. (MNI) and 17% of the nonvoting common stock of The Capital Times Company. The Capital Times Company owns the remaining 50% of the capital stock of MNI. The Company has a contract to furnish the editorial and news content for the *Wisconsin State Journal,* which is published by MNI, and periodically provides other services to MNI. The *Wisconsin State Journal* is classified as one of the Lee group of newspapers in the newspaper field and in the rating services. Results of MNI are accounted for using the equity method.

Advertising

Approximately two-thirds of the Company's revenue is derived from advertising. The Company's strategies are to increase its share of local advertising through increased sales pressure in its existing markets and, over time, to increase circulation through internal expansion into contiguous markets, as well as make selective acquisitions. Acquisition efforts are focused on newspapers with circulation from 30,000 to 125,000, as noted above, and other publications that expand the Company's operating revenue.

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

The Company's newspapers, and classified and specialty publications compete with newspapers having national or regional circulation, magazines, radio, television, other advertising media such as billboards, other classified and specialty publications, direct mail, as well as other information content providers such as online services. In addition, several of the Company's daily and Sunday newspapers compete with other local newspapers in nearby cities and towns. The Company estimates that it captures more than one-half of the total advertising dollars spent in its markets on print, broadcast and online.

The number of competitors in any given market varies, and cannot be estimated with any degree of certainty. However, all of the forms of competition noted above exist to some degree in most of the Company's markets, the principal ones of which are listed in the table under the caption "Circulation" in Item 1. The Company's competitors use pricing, frequency and other methods to compete for advertising business.

Classified publications are weekly advertising publications available in racks or delivered free, by carriers or third-class mail, to all households in a particular geographic area. Classified publications offer advertisers a cost-effective local advertising system and are particularly effective in larger markets with high media fragmentation in which metropolitan newspapers generally have low penetration.

The following broadly define major categories of advertising revenue:

Retail advertising is revenue earned from sales of display advertising space, or for preprinted advertising inserted in the publication, to local accounts.

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.

Classified advertising, which includes automotive, real estate, employment and other categories, is revenue earned from sales of advertising space in the classified section of the publication.

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

Late in 2000, the newspaper industry began to experience declining advertising revenue demand for the first time in several years. The advertising environment has been adversely impacted by the state of the slowing overall economy. The Company's enterprises are located in mid-size and smaller markets. These markets have been more stable than major metropolitan markets during the current downturn in advertising spending.

Circulation

After advertising, circulation is the Company's largest source of revenue. The Company estimates that its products are sold to approximately one-half, and read by approximately three-fourths, of adults in its markets. For the six months ended September 2002, daily circulation of newspapers owned in both 2002 and 2001, as measured by the Audit Bureau of Circulations (ABC), increased 1.0% and Sunday circulation was flat, the third consecutive six-month period of improvement for the Company. Growth in circulation can, over time, also positively impact advertising revenue. The Company's strategies to improve readership and circulation include continuous improvement of content and promotional efforts. Content can include focus on local news, other content, layout, reduction of factual errors or in other ways. Promotional efforts include advertising, contests and other efforts to increase awareness of the products. Customer service can also influence circulation. Initiatives vary from property to property and are determined principally by the publishers at the local level in collaboration with senior management.

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

The Company and its affiliate MNI publish the following daily newspapers:

Newspaper	City	State	Paid Circulation Daily		Paid Circulation Sunday	
North County Times (5)	Oceanside and Escondido	California	92,490	(1)	93,337	(1)
Madison Newspapers (4)						
Wisconsin State Journal	Madison	Wisconsin	89,569	(1)	154,427	(1) (3)
The Capital Times	Madison	Wisconsin	20,389	(1)	-	(3)
Daily Citizen	Beaver Dam	Wisconsin	10,593	(1)	-	
Portage Daily Register	Portage	Wisconsin	4,850	(1)	-	
Baraboo News Republic	Baraboo	Wisconsin	3,975	(1)	-	
The Times (5)	Munster	Indiana	84,176	(1)	91,673	(1)
Lincoln Group						
Lincoln Journal Star	Lincoln	Nebraska	74,586	(1)	83,387	(1)
Columbus Telegram	Columbus	Nebraska	9,471	(1)	10,373	(1)
Fremont Tribune	Fremont	Nebraska	8,299	(1)	-	
Beatrice Daily Sun	Beatrice	Nebraska	7,983	(1)	-	
Quad-Cities Group						
Quad-City Times	Davenport	Iowa	51,385	(1)	71,239	(1)
Muscatine Journal	Muscatine	Iowa	7,998	(1)	-	
Billings Gazette	Billings	Montana	47,019	(1)	52,684	(1)
Waterloo-Cedar Falls Courier (5)	Waterloo	Iowa	44,688	(1)	52,182	(1)
Sioux City Journal (5)	Sioux City	Iowa	41,577	(1)	42,243	(1)
Central Illinois Group						
Herald & Review	Decatur	Illinois	34,831	(1)	41,249	(1)
Journal Gazette (5)	Mattoon	Illinois	11,201	(1)	-	
Times-Courier (5)	Charleston	Illinois	6,904	(1)	-	
The Post-Star (5)	Glens Falls	New York	34,202	(1)	37,650	(1)
River Valley Group						
La Crosse Tribune	La Crosse	Wisconsin	31,903	(1)	40,879	(1)
Winona Daily News	Winona	Minnesota	11,545	(1)	12,258	(1)
Casper Star-Tribune (5)	Casper	Wyoming	30,646	(1)	33,369	(1)
Missoula Group						
Missoulian	Missoula	Montana	30,066	(1)	34,998	(1)
Ravalli Republic	Hamilton	Montana	4,468	(2)	-	
Rapid City Journal	Rapid City	South Dakota	29,820	(1)	34,242	(1)
The Journal Times	Racine	Wisconsin	29,217	(1)	31,336	(1)
The Southern Illinoisan	Carbondale	Illinois	28,267	(1)	36,381	(1)
The Bismarck Tribune	Bismarck	North Dakota	27,531	(1)	31,120	(1)
The Times-News (5)	Twin Falls	Idaho	22,656	(1)	23,103	(1)
The Daily News (5)	Longview	Washington	22,350	(1)	21,704	(1)
Globe Gazette	Mason City	Iowa	19,005	(1)	23,005	(1)

			Paid Circulation			
Newspaper	City	State	Daily		Sunday	
Mid-Valley News Group						
Democrat-Herald	Albany	Oregon	17,989	(1)	31,401	(1) (3)
Corvallis Gazette-Times	Corvallis	Oregon	11,949	(1)	-	(3)
The Times and Democrat (5)	Orangeburg	South Carolina	17,970	(1)	18,375	(1)
The Sentinel (5)	Carlisle	Pennsylvania	14,739	(1)	14,918	(1)
The Montana Standard	Butte	Montana	14,383	(1)	14,412	(1)
The Journal-Standard (5)	Freeport	Illinois	13,693	(1)	14,003	(1)
The Leader (5)	Corning	New York	13,385	(1)	13,146	(1)
Independent Record	Helena	Montana	13,713	(1)	14,610	(1)
The Citizen (5)	Auburn	New York	13,084	(1)	14,752	(1)
The Ledger Independent (5)	Maysville	Kentucky	8,491	(2)	-	
The Chippewa Herald	Chippewa Falls	Wisconsin	6,987	(2)	7,063	(1)
Shawano Leader (4)	Shawano	Wisconsin	5,639	(1)	6,085	(1)
			1,125,682		1,201,604	

(1) Source: ABC: Six months ended September 2002.
(2) Source: Company statistics.
(3) Combined edition.
(4) Owned by MNI, which is 50% owned by the Company.
(5) Acquired in 2002.

Commercial Printing

The Company offers commercial printing services through the following entities:

	City	State
William Street Press	Decatur	Illinois
Hawkeye Printing	Davenport	Iowa
Trico Communications	Davenport	Iowa
Platen Press	Butte	Montana
Farcountry Press	Helena	Montana
Broadwater Printing	Townsend	Montana
Journal Star Commercial Printing	Lincoln	Nebraska
Little Nickel Quik Print	Lynwood	Washington
Spokane Print and Mail	Spokane	Washington
Triangle Press	Chippewa Falls	Wisconsin
Wingra Printing (1)	Madison	Wisconsin

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

Certain of the Company's newspapers also directly provide commercial printing services.

Online Services

The Company's online activities are comprised of websites supporting each of its daily newspapers and certain of its other publications. The Company also owns 81% of an Internet service company which provides web infrastructure for more than 650 small daily and weekly newspapers, and shoppers. Internet activities of the newspapers and majority owned businesses are reported and managed as a part of the Company's publishing operations. In addition, the Company has a minority investment in, or loans to, two Internet service companies, which provide integrated online classified solutions for the newspaper industry, or integrate online editorial content with transactional and promotional opportunities.

Online businesses of the Company have experienced rapid growth over the last several years, which is expected to continue.

Newsprint

The basic raw material of newspapers, and classified and specialty publications, is newsprint. The Company and its subsidiaries purchase newsprint from U.S. and Canadian producers. The Company believes it will continue to receive a supply of newsprint adequate for its needs. Newsprint prices are volatile and fluctuate based upon factors that include both the foreign and domestic production capacity and consumption. The price fluctuations can have a significant effect on the results of operations. For the quantitative impacts of these fluctuations, see "Quantitative And Qualitative Disclosures About Market Risk" under Item 7A, included herein.

Executive Team

The following table lists executive team members of the Company as of November 29, 2002:

Name	Age	Service With The Company	Named To Present Office	Present Office
Mary E. Junck	55	June 1999	January 2002	Chairman, President and Chief Executive Officer
Nancy L. Green	61	December 2000	September 2002	Vice President – Circulation
Michael R. Gulledge	42	October 1982	February 2002	Group Publisher
Daniel K. Hayes	57	September 1969	April 1998	Director of Communications
James W. Hopson	56	July 2000	July 2000	Vice President – Publishing
Brian E. Kardell	39	January 1991	January 2001	Vice President – Information Systems and Chief Information Officer
Vytenis P. Kuraitis	54	August 1994	January 1997	Vice President – Human Resources
Linda Ritchie Lindus	54	April 2000	February 2002	Group Publisher
Kevin E. Mowbray	40	September 1986	July 2002	Vice President – Sales & Marketing
Michael E. Phelps	56	February 2000	June 2002	Vice President – Publishing
Gregory P. Schermer	48	February 1989	November 1997	Vice President – Interactive Media and Corporate Counsel
Carl G. Schmidt	46	May 2001	May 2001	Vice President, Chief Financial Officer and Treasurer
David B. Stoeffler	43	June 1981	December 2001	Vice President – News
John VanStrydonck	49	March 1981	June 2000	Vice President – Publishing
Greg R. Veon	50	April 1976	November 1999	Vice President – Publishing

Mary E. Junck was elected Chairman, President and Chief Executive Officer in January 2002. From January 2001 to January 2002 she served as President and Chief Executive Officer. From January 2000 to January 2001 she served as President and Chief Operating Officer. From May 1999 to January 2000 she served as Executive Vice President and Chief Operating Officer. From May 1996 to April 1999 she was Executive Vice President of The Times Mirror Company and President of Eastern Newspapers. She was named Publisher and Chief Executive Officer of *The Baltimore Sun* in 1993.

Nancy L. Green was appointed Vice President – Circulation in September 2002. From December 2000 to September 2002, she served as Director of Circulation Sales, Distribution and Marketing. For more than five years prior to December 2000, she served as a vice president in the University System of Georgia.

Michael R. Gulledge was appointed Group Publisher in February 2002 and named Publisher of the *Billings Gazette* in October 2000. From November 1996 to October 2000, he served as General Manager and Publisher of the *Herald & Review*.

Daniel K. Hayes was appointed Director of Communications in April 1998. From March 1986 to April 1998, he served as Editor of the *Quad-City Times*.

James W. Hopson was elected Vice President – Publishing and named Publisher of the *Wisconsin State Journal* in July 2000. He was elected Chairman of MNI in January 2002. For more than the past five years prior to July 2000, he served as Chief Executive Officer of Thomson Newspapers Central Ohio Strategic Marketing Group.

Brian E. Kardell was appointed Vice President – Information Systems and Chief Information Officer in January 2001. From 1997 to 2001, Mr. Kardell was Chief Information Officer. Prior to 2001, he served as Director of Information Services.

Vytenis P. Kuraitis was elected Vice President – Human Resources in January 1997. From August 1994 through January 1997 he served as Director of Human Resources.

Linda Ritchie Lindus was appointed Group Publisher in February 2002, and was named Publisher of the *Herald & Review* in July 2002. From April 2000 to February 2002, she served as Publisher of *The Southern Illinoisan*. From 1999 to April 2000 she served as Publisher of *The Spectrum* and Chief Executive Officer of the Utah Strategic Marketing Group of Thomson Newspapers. From 1997 to 1999 she served as Director of Advertising and New Initiatives at *The Spectrum*.

Kevin E. Mowbray was elected Vice President – Sales & Marketing in July 2002. For the past two years he was Publisher of the *The Bismarck Tribune*. From 1998 to 2000 he served as General Manager of the *Missoulian*. From 1995 to 1998 he served as Advertising Manager of the *Lincoln Journal Star*.

Michael E. Phelps was elected Vice President – Publishing and named Publisher of the *Quad City Times* in June 2002. He served as Vice President – Sales and Marketing from February 2000 to June 2002. For more than the past five years prior to February 2000, he was managing principal of Phelps, Cutler & Associates, newspaper management consultants.

Gregory P. Schermer was elected Vice President – Interactive Media in November 1997. He has served as Corporate Counsel of the Company since 1989.

Carl G. Schmidt was elected Vice President, Chief Financial Officer and Treasurer in May 2001. For more than the past five years prior to May 2001, he served as Senior Vice President and Chief Financial Officer of Johnson Outdoors Inc.

David B. Stoeffler was appointed Vice President – News in December 2001. From 1997 to December 2001, Mr. Stoeffler was Editor of the *Lincoln Journal Star*. From 1995 to 1997, he served as Editor of the *La Crosse Tribune*.

John VanStrydonck was elected Vice President – Publishing in June 2000 and named Publisher of the *Missoulian* in October 2002. From September 1994 to June 2000 he was Publisher of the *Rapid City Journal* and served as Chairman and Chief Operating Officer of NAPP Systems from September 1994 until its sale by Lee in January 1997.

Greg R. Veon was elected Vice President – Publishing in November 1999. From November 1995 through November 1999 he served as Vice President – Marketing.

Employees

At September 30, 2002, the Company had approximately 6,700 employees, including approximately 1,300 part-time employees, exclusive of MNI. The Company considers its relationship with its employees to be good.

Approximately 90 employees in three locations are members of collective bargaining units.

Other Matters

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

ITEM 2. PROPERTIES

The Company's executive offices are located in leased facilities at 215 North Main Street, Davenport, Iowa. The lease expires in December 2003 and comparable space is available if it is not renewed.

All of the Company's printing facilities (except Madison, Wisconsin, which is owned by MNI, and a leased plant in Spokane, Washington) are owned. All facilities are well maintained, in good condition, suitable for existing office and publishing operations and adequately equipped. None of the Company's facilities are individually significant to its business.

The *Baraboo News Republic, Corvallis Gazette-Times, Muscatine Journal, Ravalli Republic, Times Courier* and *Winona Daily News,* as well as many of the Company's more than 175 other publications, are printed at other Lee facilities to enhance operating efficiency. The Company's newspapers and other publications have formal or informal arrangements for backup of printing in the event of a disruption in production capability.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

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

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCHOLDER MATTERS

Common Stock of the Company is listed on the New York Stock Exchange. Class B Common Stock is not traded on an exchange but is readily convertible to Common Stock. Class B Common Stock was issued to stockholders of record of the Company in 1986 pursuant to a 100% stock dividend and is converted at sale, or at the option of the holder, into Common Stock. The table below shows the high and low prices of Common Stock for each quarter during the past three years, the closing price at the end of each quarter and the dividends per share.

	Quarter			
	1st	2nd	3rd	4th
STOCK PRICES				
2002				
High	$ 37.60	$ 37.23	$ 40.09	$ 35.87
Low	29.88	33.36	34.86	28.90
Closing	36.37	36.90	35.00	32.86
2001				
High	$ 30.69	$ 32.55	$ 34.98	$ 34.40
Low	24.81	26.94	29.25	29.40
Closing	29.81	30.45	33.00	31.67
2000				
High	$ 32.25	$ 31.56	$ 26.19	$ 28.94
Low	27.25	19.69	20.50	23.25
Closing	31.94	26.13	23.31	28.88
DIVIDENDS				
2002	$ 0.17	$ 0.17	$ 0.17	$ 0.17
2001	0.17	0.17	0.17	0.17
2000	0.16	0.16	0.16	0.16

Common Stock and Class B Common Stock have identical rights with respect to cash dividends and upon liquidation. For a more complete description of the relative rights of Common Stock and Class B Common Stock, see Note 8 of the Notes to Consolidated Financial Statements, included herein.

At September 30, 2002, the Company had 2,830 holders of Common Stock and 1,868 holders of Class B Common Stock.

On November 14, 2002, the Board of Directors declared a dividend in the amount of $0.17 per share on the issued and outstanding Common Stock and Class B Common Stock of the Company, be paid on January 2, 2003, to stockholders of record on December 2, 2002.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended September 30				
(Thousands, Except Per Common Share Data)	2002	2001	2000	1999	1998
	(2)	(3)			
OPERATING RESULTS					
Operating revenue	$525,896	$426,966	$416,089	$400,709	$379,737
EBITDA (1)	147,830	110,332	122,057	115,528	105,355
Depreciation and amortization	35,050	31,357	28,571	26,990	25,625
Operating income, before equity in net income of associated companies	112,780	78,975	93,486	88,538	79,730
Equity in net income of associated companies	9,057	7,651	9,377	9,238	8,367
Operating income	121,837	86,626	102,863	97,776	88,097
Financial income	6,007	28,548	3,259	1,920	1,896
Financial expense	(15,777)	(11,963)	(12,643)	(12,863)	(14,611)
Income from continuing operations	81,029	59,829	70,117	57,069	47,795
Discontinued operations	946	254,399	13,546	10,904	14,438
Net income	$ 81,975	$314,228	$ 83,663	$ 67,973	$ 62,233
EARNINGS PER COMMON SHARE					
Basic:					
Continuing operations	$ 1.84	$ 1.37	$ 1.59	$ 1.29	$ 1.07
Discontinued operations	0.02	5.81	0.31	0.25	0.32
Net income	$ 1.86	$ 7.18	$ 1.90	$ 1.54	$ 1.39
Diluted:					
Continuing operations	$ 1.83	$ 1.36	$ 1.58	$ 1.27	$ 1.05
Discontinued operations	0.02	5.77	0.31	0.25	0.32
Net income	$ 1.85	$ 7.13	$ 1.89	$ 1.52	$ 1.37
Weighted average common shares outstanding:					
Basic	44,087	43,784	44,005	44,273	44,829
Diluted	44,351	44,089	44,360	44,861	45,557
Dividends per common share	$ 0.68	$ 0.68	$ 0.64	$ 0.60	$ 0.56
BALANCE SHEET INFORMATION					
Total assets	$1,463,830	$1,000,397	$762,236	$679,513	$660,585
Debt, including current maturities	409,300	173,400	214,173	192,000	209,991
Stockholders' equity	741,256	681,944	395,167	354,329	319,579

(1) EBITDA (earnings before interest, taxes, depreciation and amortization) is not a financial performance measurement under United States generally accepted accounting principles (GAAP), and should not be considered in isolation or as a substitute for GAAP performance measurements. EBITDA is also not reflected in the Consolidated Statements of Cash Flows, but is a common and meaningful alternative performance measurement. The computation of EBITDA also excludes other non-operating items, primarily gains and losses on sales of businesses, losses related to other ventures and equity in net income of associated companies. EBITDA presented may not be comparable to similarly titled measures of other companies.

(2) Includes six months of operations from the Howard acquisition, which was consummated in April 2002.

(3) Includes gain on the sale of the Company's broadcast properties, as reported in discontinued operations.

	Year Ended September 30				
	2002	2001	2000	1999	1998
OTHER INFORMATION					
EBITDA as a percent of revenue	28.1%	25.8%	29.3%	28.8%	27.7%
Operating income as a percent of revenue	23.2	20.3	24.7	24.4	23.2
Income from continuing operations as a percent of revenue	15.4	14.0	16.9	14.2	12.6
Dividends as a percent of income from continuing operations	37.2	49.8	40.3	46.7	52.8

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

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition as of, and for the three years ended, September 2002. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto.

CONTINUING OPERATIONS

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

	Year Ended September 30			Percent Change	
(Thousands, Except Per Common Share Data)	2002	2001	2000	2002 vs 2001	2001 vs 2000
Operating revenue	$525,896	$426,966	$416,089	23.2%	2.6%
Income before interest, taxes depreciation and amortization (EBITDA)	147,830	110,332	122,057	34.0	(9.6)
Operating income	121,837	86,626	102,863	40.6	(15.8)
Non-operating (income) expense, net	10,778	(6,418)	(7,748)	NM	(17.2)
Income from continuing operations	81,029	59,829	70,117	35.4	(14.7)
Earnings per common share:					
Basic	$ 1.84	$ 1.37	$ 1.59	34.3%	(13.8)%
Diluted	1.83	1.36	1.58	34.6	(13.9)

2002 vs. 2001

Revenue

Revenue, as reported in the Consolidated Financial Statements, consists of the following:

	Year Ended September 30		
(Thousands)	2002	2001	Percent Change
Advertising revenue:			
Retail	$ 212,356	$ 166,524	27.5%
National	12,355	10,335	19.5
Classified:			
Employment	30,857	28,134	9.7
Automotive	29,324	20,939	40.0
Real estate	21,624	15,967	35.4
All other	47,811	38,053	25.6
Total classified	129,616	103,093	25.7
Total advertising	354,327	279,952	26.6
Circulation	105,711	81,441	29.8
Other:			
Commercial printing	22,266	25,233	(11.8)
Online	7,363	5,640	30.5
Niche publications and other	36,229	34,700	4.4
	65,858	65,573	0.4
Total operating revenue	$ 525,896	$ 426,966	23.2%

All categories of revenue were substantially impacted by the acquisition of Howard, which the Company purchased in April 2002. In total, acquisitions accounted for $113,594,000 of revenue in 2002. Businesses sold in 2002, but still included in continuing operations, accounted for $4,060,000 of revenue in the current year and $11,754,000 of revenue in 2001.

2002 had one fewer Sunday than the prior year. Sundays generate substantially more advertising and circulation revenue than any other day of the week.

Revenue – Same Property

The following discussion of revenue is presented on an operating basis, which includes 100% of the revenue of MNI, which is owned 50% by the Company and accounted for in the Consolidated Financial Statements using the equity method. It is exclusive of acquisitions and divestitures. The Company believes such comparisons provide the most meaningful information for an understanding of changes in its revenue.

In 2002, total advertising revenue decreased $6,674,000, or 2.0%. Retail revenue in the Company's markets was not as adversely impacted by the slowing economy as major metropolitan markets, and increased $1,248,000, or 0.6%, in 2002. Increased emphasis on rate discipline and new accounts helped offset declines in advertising volume. Retail rates, excluding preprint insertions, increased 2.1% in 2002. Rate discipline means adhering to standard rates rather than negotiating specific rates for individual customer situations.

Classified advertising revenue decreased approximately $7,653,000, or 5.9%, in 2002. Higher margin employment advertising at the daily newspapers accounted for more than 100% of the decrease and declined 22.4% for the year. Unit declines in employment classified advertising compare favorably to national survey amounts. The automotive category increased by 0.9% due to promotional financing, real estate increased 3.4% due to lower interest rates, and other classified advertising increased 1.4%. Classified rates declined 9.3%, primarily due to declines in employment-related advertising.

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

(Thousands of Inches)	Year Ended September 30 2002	2001	Percent Change
Retail	7,155	7,240	(1.2)%
National	371	396	(6.3)
Classified	6,602	6,513	1.4
	14,128	14,149	(0.1)%

Circulation revenue decreased $253,000, or 0.2%, in 2002 primarily due to the loss of a Sunday. The Company's average daily newspaper circulation units increased 1.0% and Sunday circulation was flat for the six months ended September 2002. For the six months ended March 2002, daily circulation increased 1.8% and Sunday circulation increased 0.4%. The Company is focused on growing circulation units and revenue through a number of initiatives.

Commercial printing revenue declined $3,560,000, or 11.0%, in 2002 due, in part, to economic conditions and the loss of certain key customers. Online revenue increased $1,377,000, or 22.3%, in 2002 due to growth in advertising revenue and cross selling with the Company's newspapers.

Operating Expenses

The following table sets forth the percentage of revenue of the Company's operating expenses as reported in the Consolidated Financial Statements:

	Year Ended September 30 2002	2001
Compensation	39.3%	39.2%
Newsprint and ink	8.3	9.8
Other operating expenses	24.3	25.2
	71.9	74.2
EBITDA	28.1	25.8
Depreciation and amortization	6.7	7.3
Operating margin, before equity in net income of associated companies	21.4%	18.5%

Costs other than depreciation and amortization increased $61,432,000, or 19.4%, in 2002. All categories of expenses were impacted by the acquisition of Howard, which the Company purchased in April 2002. In total, acquisitions accounted for $79,848,000 of operating costs, excluding depreciation and amortization, in the current year. Businesses sold in 2002, but still included in continuing operations, accounted for $3,362,000 of operating expenses other than depreciation and amortization in the current year and $10,401,000 of such expenses in 2001. Compensation expense increased $39,277,000, or 23.5%, in 2002 as workforce reductions, delayed salary increases and both one-time and permanent changes in benefit programs in existing businesses were more than offset by costs of acquired businesses. Newsprint and ink costs increased $1,718,000, or 4.1%, in 2002 as volume increases related to acquired businesses more than offset price decreases and same property volume declines. Newsprint prices began rising late in 2002 and may negatively impact 2003 results. Other operating costs, exclusive of depreciation and amortization, increased $20,437,000, or 19.0%, in 2002 as costs of acquired businesses more than offset cost savings on a same property basis.

In 2002, the Company adopted the provisions of FASB Statement 142. As a result, goodwill and indefinite useful life intangible assets acquired in a purchase business combination are no longer being amortized, but are tested for impairment at least annually. Amortization expense related to goodwill was $7,815,000 in 2001. The increase in depreciation and amortization expense in 2002 is primarily due to the acquisition of Howard, offset by the elimination of goodwill amortization.

EBITDA improved 34.0% to $147,830,000 in 2002 from $110,332,000 in 2001. EBITDA margin improved to 28.1% from 25.8% in the prior year. The Company's efforts at controlling expenses and lower newsprint prices all contributed to the improvement, offset to some extent by lower margins of acquired businesses. Operating margin, before equity in net income of associated companies, increased to 21.4% in 2002 from 18.5% for the same reasons, but was further impacted by a higher level of amortization from acquisitions, offset by the goodwill accounting change.

Non-operating Income and Expense

Financial income decreased $22,541,000 to $6,007,000 in 2002. The Company's invested balances decreased $433,000,000 due to the April 2002 acquisition of Howard. Balances were further reduced in 2002 by final income tax payments related to the sale of broadcast properties in October 2000. Reinvestment rates have also declined from the prior year.

In 2001, other non-operating expense consists primarily of realized and unrealized losses on the sale of several small publications and the write down of certain non-operating assets.

Overall Results

Income taxes were 27.0% and 35.7% of pretax income from continuing operations in 2002 and 2001, respectively. The favorable resolution of tax issues reduced income tax expense by approximately $10,100,000 in 2002. The effective rate would have been 36.1% without this event.

As a result of all of the above, earnings from continuing operations totaled $81,029,000 in 2002, compared to $59,829,000 in 2001. Earnings per diluted common share increased to $1.83 in 2002 from $1.36 in 2001.

The following table reconciles reported per share results to results adjusted for significant items that affect the comparability of the respective years:

	Year Ended September 30	
	2002	2001
Diluted earnings per share from continuing operations, as reported	$ 1.83	$ 1.36
Favorable resolution of tax issues	(0.23)	-
Higher interest rates and higher invested balances in prior year, exclusive of the effect of funds used for acquisitions	-	(0.18)
New accounting rules for amortization of intangible assets adopted in October 2001	-	0.14
Losses on sales of businesses and other items	-	0.14
Diluted earnings per share from continuing operations, as adjusted	$ 1.60	$ 1.46

2001 vs. 2000

Revenue

Revenue, as reported in the Consolidated Financial Statements, consists of the following:

	Year Ended September 30		
(Thousands)	2001	2000	Percent Change
Advertising:			
Retail	$166,524	$ 157,865	5.5%
National	10,335	9,312	11.0
Classified:			
Employment	28,134	31,163	(9.7)
Automotive	20,939	21,973	(4.7)
Real estate	15,967	15,496	3.0
All other	38,053	36,797	3.4
Total classified	103,093	105,429	(2.2)
Total advertising	279,952	272,606	2.7
Circulation	81,441	79,792	2.1
Other:			
Commercial printing	25,233	24,976	1.0
Online	5,640	3,252	73.4
Niche publications and other	34,700	35,463	(2.2)
	65,573	63,691	3.0
Total operating revenue	$426,966	$416,089	2.6%

In total, acquisitions accounted for $27,172,000 of revenue in 2001 and $11,526,000 in 2000. Businesses sold in 2001, but still included in continuing operations, accounted for $3,725,000 of revenue in 2001 and $7,688,000 of revenue in 2000.

2001 included one more Sunday than the prior year. Sundays generate substantially more advertising and circulation revenue than any other day of the week.

Revenue – Same Property

The following discussion of revenue is presented on an operating basis, which includes 100% of the revenue of MNI, which is owned 50% by the Company and accounted for in the Consolidated Financial Statements using the equity method. It is exclusive of acquisitions and divestitures. The Company believes such comparisons provide the most meaningful information for an understanding of changes in its revenue.

In 2001, total advertising revenue decreased $4,613,000, or 1.4%. Retail revenue in the Company's markets was not as adversely impacted by the slowing economy as major metropolitan markets and increased $1,267,000 or 0.7%, in 2001. Retail rates, excluding preprint insertions, increased 3.0%.

Classified advertising revenue decreased approximately $6,007,000, or 4.6%, in 2001. Higher margin employment revenue declined $5,740,000, or 12.5%, along with automotive which was down $1,798,000, or 6.2%. Real estate and all other classified revenue increased. Classified rates declined 3.3%.

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

	Year Ended September 30		
(Thousands of Inches)	2001	2000	Percent Change
Retail	6,092	6,437	(5.3)%
National	370	368	0.5
Classified	5,971	6,162	(3.1)
	12,433	12,667	(1.8)%

Circulation revenue decreased $1,002,000, or 1.0%, in 2001. Average daily newspaper circulation units increased 0.9% and Sunday circulation declined 0.2% for the six months ended September 2001.

Commercial printing decreased $902,000, or 3.7%. Online revenue increased $1,227,000, or 34.6%, due to growth in advertising revenue. Niche publications and other revenue decreased $656,000, or 1.6%, in 2001.

Operating Expenses

The following table sets forth the percentage of revenue of the Company's operating expenses as reported in the Consolidated Financial Statements:

	Year Ended September 30	
	2001	2000
Compensation	39.2%	37.4%
Newsprint and ink	9.8	9.1
Other operating expenses	25.2	24.2
	74.2	70.7
EBITDA	25.8	29.3
Depreciation and amortization	7.3	6.9
Operating margin, before equity in net income of associated companies	18.5%	22.4%

All categories of costs were impacted by the full year effect of acquisitions consummated in 2000. Costs other than depreciation and amortization increased $22,602,000, or 7.7%, in 2001. Compensation expense increased $11,623,000, or 7.5%, due to normal increases in rates in addition to the impact of acquisitions. Newsprint and ink costs increased $4,190,000, or 11.1%. Other operating costs, exclusive of depreciation and amortization, increased $6,789,000, or 6.7%, in 2001.

Non-operating Income and Expense

Financial income increased $25,289,000 to $28,548,000 in 2001. The Company's invested balances increased substantially due to the October 2000 sale of broadcast properties. In 2001 and 2000, other non-operating income and expense consisted primarily of realized gains and realized and unrealized losses on the sale or exchange of several small publishing operations. In 2001, the Company also recognized a write down of certain non-operating assets.

Overall Results

Income taxes were 35.7% and 36.6% of pretax income from continuing operations in 2001 and 2000, respectively.

As a result of all of the above, earnings from continuing operations totaled $59,829,000 in 2001 compared to $70,117,000 in 2000. Earnings per diluted common share decreased to $1.36 in 2001, from $1.58.

DISCONTINUED OPERATIONS

In March 2000, the Board of Directors of the Company made a determination to sell its broadcast properties. In May 2000 the Company entered into an agreement to sell substantially all of its broadcasting operations, consisting of eight network-affiliated and seven satellite television stations, to Emmis Communications Corporation and consummated the transaction in October 2000. The net proceeds of approximately $565,000,000 resulted in an after-tax gain for financial reporting purposes of approximately $250,800,000 in 2001. Results for the broadcast properties have been classified as discontinued operations for all periods presented.

In July 2001, the Company completed the sale of its last broadcasting property. Net proceeds of the sale totaled approximately $7,600,000. The after-tax gain of approximately $4,000,000 on the sale is reflected in discontinued operations in 2001.

A $4,000,000 reduction of income tax expense has been recorded in results from discontinued operations in 2002, from changes in estimates related to state taxes on the sale of broadcasting operations.

In July 2002, the Company acquired the remaining fifty percent interest in SCN. The Company's Flathead group of weekly newspapers in Montana was transferred as partial consideration for the purchase. The Company recognized an after-tax loss of $2,688,000 on the transfer of the Flathead newspapers, which is recorded in discontinued operations in 2002.

In October 2002, the Company completed the sale of its Ashland, Oregon, daily newspaper. The transaction resulted in an after-tax loss on sale of $300,000, which is recorded in discontinued operations in 2002. Results are recorded in discontinued operations for all periods presented in accordance with the provisions of FASB Statement 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.*

Revenue of discontinued operations in 2002, 2001 and 2000 was $5,668,000, $7,184,000 and $128,904,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities of continuing operations was $115,301,000 in 2002, $106,735,000 in 2001, and $102,685,000 in 2000. Increased income from continuing operations, offset by increases in working capital, accounted for the change between 2002 and 2001. Decreased income from continuing operations, offset by decreases in working capital and losses on sales of businesses, accounted for the change between 2001 and 2000.

Cash required for investing activities totaled $547,474,000 in 2002, $223,304,000 in 2001, and $87,297,000 in 2000. Acquisitions accounted for substantially all of the usage in 2002 and 2000. Investment purchases related to the sale of broadcast operations and cash flow from operations were responsible for the primary usage of funds in 2001. The investment portfolio was largely liquidated in 2002 to fund acquisitions.

The Company anticipates that funds necessary for capital expenditures, which are expected to total approximately $19,000,000 in 2003, and other requirements will be available from internally generated funds, availability under its existing credit agreement and, if necessary, by accessing the capital markets.

Cash provided by financing activities totaled $217,163,000 in 2002, and required $78,026,000 in 2001 and $13,599,000 in 2000.

The Company entered into a five-year, $350,000,000 credit agreement in March 2002. The primary purposes of the agreement are to fund the acquisition of Howard, and to provide liquidity for other corporate purposes. $279,000,000 was borrowed under this agreement in 2002 to consummate the acquisitions of Howard and SCN.

Under the terms of the Company's 1998 Note Purchase Agreement (1998 Agreement), the Company was required to repay the outstanding balance of $161,800,000 in October 2002 unless the Company reinvested the net proceeds of the sale of its broadcast operations or obtained a waiver or amendment of that provision of the 1998 Agreement. The acquisition of Howard satisfied the conditions of the Company's 1998 Agreement with regard to reinvestment of the net proceeds of the sale of broadcast operations. If repayment had been required, a substantial prepayment penalty would have also been required, based upon interest rates in effect at that time.

Debt agreements provide for restrictions as to indebtedness, liens, sales, mergers, acquisitions and investments and require the Company to maintain leverage and interest coverage ratios. Covenants under these agreements are not considered restrictive to normal operations or historical amounts of stockholder dividends. At September 30, 2002, the Company was in compliance with these covenants. Aggregate maturities during the five years ending September 2007 are $14,600,000, $36,600,000, $11,600,000, $12,400,000 and $256,900,000, respectively.

Cash required for discontinued operations totaled $42,778,000 in 2002, primarily for income tax payments related to the gain on sale of broadcast operations. Cash provided by discontinued operations totaling $437,337,000 in 2001 primarily reflects net proceeds from the sale of such operations.

SEASONALITY

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

Quarterly results of operations are summarized in Note 18 to the Consolidated Financial Statements, included herein.

INFLATION

The Company has not been significantly impacted by inflationary pressures over the last several years. The Company anticipates that changing costs of newsprint, its basic raw material, may impact future operating costs. Price increases (or decreases) for the Company's products are implemented when deemed appropriate by management. The Company continuously evaluates price increases, productivity improvements and cost reductions to mitigate the impact of inflation.

CRITICAL ACCOUNTING POLICIES

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, investments, intangible assets, remaining useful lives of long-lived assets and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

See Note 1 to the Consolidated Financial Statements, included herein, for a description of the Company's accounting policies used in the preparation of its Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

In 2002, the Company entered into a four-year contract for the annual purchase of 45,000 metric tonnes of newsprint, at market prices, from a single supplier. The commitment represents approximately one-third of the Company's annual volume, inclusive of MNI. The commitment is reduced to the extent it exceeds 75% of the Company's annual usage. The Company has other newsprint commitments, both formal and informal, for lesser amounts, with other suppliers.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rates

Interest rate risk in the Company's investment portfolio is managed by investing only in securities with a maturity at date of acquisition of 180 days or less. Only high-quality investments are considered. In April 2002, the Company liquidated substantially all of its investment portfolio in conjunction with the acquisition of Howard.

The Company's debt structure and interest rate risk are managed through the use of fixed and floating rate debt. The Company's primary exposure is to the London Interbank Offered Rate (LIBOR). A one percent increase in LIBOR would decrease income from continuing operations before income taxes approximately $2,445,000, based on floating rate debt outstanding at September 30, 2002.

Commodities

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

A $10 per metric tonne newsprint price increase would result in a reduction in income from continuing operations before income taxes of approximately $1,115,000, excluding MNI, based on anticipated consumption in 2003.

Sensitivity to Changes in Value

The estimate that follows is intended to measure the maximum potential impact on fair value of fixed rate debt of the Company in one year from adverse changes in market interest rates under normal market conditions. The calculations are not intended to represent actual losses in fair value that the Company expects to incur. The estimates do not consider favorable changes in market rates. The position included in the calculations is fixed rate debt, which totals $161,800,000 at September 30, 2002.

The estimated maximum potential one-year loss in fair value from a 100 basis point movement in interest rates on market risk sensitive instruments outstanding at September 30, 2002 is approximately $7,200,000. There is no impact on operating results from such changes in interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

The Company dismissed McGladrey & Pullen, LLP (McGladrey) as its independent accountant, effective June 30, 2002. In connection with the audits of the fiscal years ended September 30, 2001 and 2000, and during the interim period prior to the dismissal, there were no disagreements with McGladrey on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure. The Audit Committee of the Company appointed Deloitte & Touche LLP (Deloitte) as its new independent accountant, effective July 1, 2002, after evaluating several firms, including McGladrey. The Company previously reported this change in accountants in a Current Report on Form 8-K dated July 2, 2002.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to this Item, except for certain information included under the caption "Officers" in Part I of this Form 10-K, is included in the Company's Proxy Statement dated December 27, 2002, which is incorporated herein by reference, under the captions "Proposal 1 - Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance".

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this Item is included in the Company's Proxy Statement dated December 27, 2002, which is incorporated herein by reference, under the captions "Proposal 1 - Election of Directors," "Compensation of Directors" and "Executive Compensation"; provided, however, that the subsection entitled "Executive Compensation – Report of the Executive Compensation Committee of the Board of Directors on Executive Compensation" shall not be deemed to be incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Certain information with respect to this Item is included in the Company's Proxy Statement dated December 27, 2002, which is incorporated herein by reference, under the caption "Voting Securities and Principal Holders Thereof".

Information as of September 30, 2002 with respect to equity compensation plans is as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by stockholders (1)(2)	1,048,809	$ 29.04	3,038,235

(1) 1990 Long-Term Incentive Plan.
(2) Excludes purchase rights accruing under the Company's Employees' Stock Purchase Plan (Purchase Plan), which has a stockholder approved reserve of 925,000 shares. Under the Purchase Plan, each eligible employee may purchase up to 5% of base compensation not to exceed $25,000 on the last business day of April each year at a purchase price per share equal to 85% of the lower of the average of the high and low market price on either the first or last business day of the plan year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Vertis, Inc. (Vertis) provides the Company, in the normal course of business, with an Internet subscription service that allows access to advertising prototypes. Fees paid to Vertis totaled $76,000 in 2002. Director Herbert W. Moloney III is Chief Operating Officer, North America, of Vertis.

ITEM 14. CONTROLS AND PROCEDURES

In order to ensure that the information that must be disclosed in filings with the Securities and Exchange Commission is recorded, processed, summarized and reported in a timely manner, the Company has disclosure controls and procedures in place. The Chief Executive Officer, Mary E. Junck, and Chief Financial Officer, Carl G. Schmidt, have reviewed and evaluated disclosure controls and procedures as of September 30, 2002, and have concluded that such controls and procedures are appropriate and that no changes are required.

There have been no significant changes in internal controls, or in other factors that could affect internal controls, since September 30, 2002.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

Financial Statements

Consolidated Balance Sheets – September 30, 2002 and 2001
Consolidated Statements of Income – Years ended September 30, 2002, 2001 and 2000
Consolidated Statements of Stockholders' Equity - Years ended September 30, 2002, 2001 and 2000
Consolidated Statements of Cash Flows – Years ended September 30, 2002, 2001 and 2000
Notes to Consolidated Financial Statements
Independent Auditors' Reports
Report of Management

Financial Statement Schedules

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

Exhibits

See Exhibit Index.

Reports on Form 8-K

On July 2, 2002, the Company filed a Current Report on Form 8-K reporting “Changes in Registrant’s Certifying Accountant” pursuant to Item 9 reporting that the Company has dismissed McGladrey as its independent accountant, effective June 30, 2002, and appointed Deloitte as its new independent accountant, effective July 1, 2002. The Form 8-K further stated that during the fiscal years ended September 30, 2001 and 2000, and during the interim period prior to the dismissal, there were no disagreements with McGladrey on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on the 27th day of December 2002.

LEE ENTERPRISES, INCORPORATED

/s/ Mary E. Junck	/s/ Carl G. Schmidt
Mary E. Junck	Carl G. Schmidt
Chairman, President and Chief Executive Officer	Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in their respective capacities on the 14th day of November, 2002.

Signature	
/s/ Rance E. Crain Rance E. Crain	Director
/s/ Mary E. Junck Mary E. Junck	Chairman, President, and Chief Executive Officer and Director
/s/ William E. Mayer William E. Mayer	Director
/s/ Herbert W. Moloney III Herbert W. Moloney III	Director
/s/ Andrew E. Newman Andrew E. Newman	Director
/s/ Gordon D. Prichett Gordon D. Prichett	Director
/s/ Gregory P. Schermer Gregory P. Schermer	Vice President - Interactive Media and Corporate Counsel and Director
/s/ Mark Vittert Mark Vittert	Director

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mary E. Junck, certify that:

1. I have reviewed this Annual Report on Form 10-K (Annual Report) of Lee Enterprises, Incorporated (Registrant);

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (Evaluation Date); and

   c) presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this Annual Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 27, 2002

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Carl G. Schmidt, certify that:

1. I have reviewed this Annual Report on Form 10-K (Annual Report) of Lee Enterprises, Incorporated (Registrant);

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

    b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (Evaluation Date); and

    c) presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this Annual Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 27, 2002

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

EXHIBIT INDEX

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

Number	Description
2.1 *	Acquisition Agreement by and among Lee Enterprises, Incorporated, Howard Publications, Inc., Howard Energy Co., Inc. and the stockholders of Howard Publications, Inc. named therein dated February 11, 2002 and First Amendment thereto dated March 29, 2002 (Exhibit 2.1 to Current Report on Form 8-K dated April 1, 2002)
2.2 *	Escrow Agreement by and among Lee Enterprises, Incorporated, and HPI Indemnifying Stockholders listed on Schedule I attached thereto, and Wells Fargo Iowa, N.A. as Escrow Agent dated as of April 1, 2002 (Exhibit 2.2 to Current Report on Form 8-K dated April 1, 2002)
3.1	Restated Certificate of Incorporation of Lee Enterprises, Incorporated as of November 14, 2002
3.2 *	Lee Enterprises, Incorporated Amended and Restated By-Laws as of January 23, 2002 (Exhibit 3 to Form 10-Q for Quarter Ended March 31, 2002)
4 *	Rights Agreement, dated as of May 7, 1998, between Lee Enterprises, Incorporated and The First Chicago Trust Company of New York, which includes the form of Certificate of Designation of the Preferred Stock as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Rights as Exhibit C (Exhibit 1 to Current Report on Form 8-K dated May 7, 1998)
10.1 +*	Lee Enterprises, Incorporated 1990 Long-Term Incentive Plan effective as of October 1, 1999, as amended, restated and extended on January 26, 1999 (Exhibit A to Schedule 14A Definitive Proxy Statement for 1998)
10.1a +	Forms of related Incentive Stock Option Agreement, Non-Qualified Stock Option Agreement and Restricted Stock Option Agreement related to Lee Enterprises, Incorporated 1990 Long-Term Incentive Plan effective as of October 1, 1999, as amended, restated and extended on January 26, 1999
10.2 +*	Lee Enterprises, Incorporated Amended and Restated 1977 Employees' Stock Purchase Plan as amended February 1, 1996 (Exhibit B to Schedule 14A Definitive Proxy Statement for 1996)
10.3 +*	Lee Enterprises, Incorporated 1996 Stock Plan for Non-Employee Directors, effective February 1, 1996 (Exhibit C to Schedule 14A Definitive Proxy Statement for 1996)
10.4 +	Lee Enterprises, Incorporated Supplementary Benefits Plan
10.5 +*	Form of Employment Agreement for Lee Enterprises, Incorporated Executive Officers Group (Exhibit 10 to Annual Report on Form 10-K for the Fiscal Year Ended September 30, 1998)
10.6 +*	Form of Indemnification Agreement for Lee Enterprises, Incorporated Directors and Executive Officers Group (Exhibit 10 to Annual Report on Form 10-K for the Fiscal Year Ended September 30,1998)
16 *	Former Independent Accountant's Letter (Exhibit 16 to Current Report on Form 8-K dated July 2, 2002)

Number	Description
21	Subsidiaries and associated companies
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of McGladrey & Pullen, LLP
24	Power of Attorney
99.1 *	Note Purchase Agreement by and among Lee Enterprises, Incorporated and the Purchasers named therein dated as of March 15, 1998 (Exhibit 99 to Current Report on Form 8-K dated March 31, 1998).
99.1a *	First Amendment to the Note Purchase Agreement, dated as of August 30, 2001, by and among Lee Enterprises, Incorporated and the Purchasers named therein dated as of March 15, 1998 (Exhibit 99.1 to Current Report on Form 8-K dated September 5, 2001)
99.2 *	Credit Agreement among Lee Enterprises, Incorporated, Bank of America, N.A., as Administrative Agent and other lenders party thereto dated as of March 28, 2002 (Exhibit 99 to Current Report on Form 8-K dated April 1, 2002)
99.3 *	Statement under Oath of Chief Executive Officer (Exhibit 99.1 to Form 10-Q for Quarter Ended June 30, 2002)
99.4 *	Statement under Oath of Chief Financial Officer (Exhibit 99.2 to Form 10-Q for Quarter Ended June 30, 2002)
99.5	Sarbanes-Oxley Act Section 906 Certification

CONSOLIDATED FINANCIAL STATEMENTS	PAGE

CONSOLIDATED STATEMENTS OF INCOME

(Thousands, Except Per Common Share Data)	Year Ended September 30 2002	2001	2000
Operating revenue:			
Advertising	$354,327	$279,954	$272,606
Circulation	105,711	81,441	79,792
Other	65,858	65,571	63,691
	525,896	426,966	416,089
Operating expenses:			
Compensation	206,454	167,177	155,554
Newsprint and ink	43,727	42,009	37,819
Depreciation	18,127	15,992	14,207
Amortization of intangible assets	16,923	15,365	14,364
Other	127,885	107,448	100,659
	413,116	347,991	322,603
Operating income, before equity in net income of associated companies	112,780	78,975	93,486
Equity in net income of associated companies	9,057	7,651	9,377
Operating income	121,837	86,626	102,863
Non-operating income (expense), net:			
Financial income	6,007	28,548	3,259
Financial expense	(15,777)	(11,963)	(12,643)
Gain (loss) on sales of businesses	(339)	(6,233)	18,439
Other, net	(669)	(3,934)	(1,307)
	(10,778)	6,418	7,748
Income from continuing operations before income taxes	111,059	93,044	110,611
Income tax expense	30,030	33,215	40,494
Income from continuing operations	81,029	59,829	70,117
Discontinued operations:			
Income (loss) from discontinued operations, net of income tax effect	(176)	(373)	4,496
Gain on dispositions, net of income tax effect	1,122	254,772	9,050
	946	254,399	13,546
Net income	$ 81,975	$314,228	$ 83,663
Earnings per common share:			
Basic:			
Continuing operations	$ 1.84	$ 1.37	$ 1.59
Discontinued operations	0.02	5.81	0.31
Net income	$ 1.86	$ 7.18	$ 1.90
Diluted:			
Continuing operations	$ 1.83	$ 1.36	$ 1.58
Discontinued operations	0.02	5.77	0.31
Net income	$ 1.85	$ 7.13	$ 1.89

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

CONSOLIDATED BALANCE SHEETS

(Thousands, Except Per Share Data)	September 30 2002	September 30 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,381	$ 272,169
Temporary cash investments	-	211,221
Accounts receivable, less allowance for doubtful accounts: 2002 $6,035; 2001 $4,328	57,313	40,644
Receivable from associated companies	1,500	1,500
Inventories	10,166	3,889
Deferred income taxes	7,812	5,488
Other	2,986	1,900
Assets of discontinued operations	9,869	11,329
	104,027	548,140
Investments:		
Associated companies	20,278	18,940
Other	7,460	13,771
	27,738	32,711
Property and equipment:		
Land and improvements	21,095	10,356
Buildings and improvements	96,442	61,925
Equipment	231,752	176,944
	349,289	249,225
Less accumulated depreciation	144,992	132,736
	204,297	116,489
Goodwill	609,792	225,147
Other intangible assets	513,109	77,552
Other	4,867	358
	$1,463,830	$1,000,397

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

	September 30	
	2002	2001
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 14,600	$ 11,600
Accounts payable	21,015	10,782
Compensation and other accrued liabilities	32,591	27,048
Income taxes payable	5,103	57,281
Dividends payable	7,533	-
Liabilities of discontinued operations	157	479
Unearned revenue	27,750	17,949
	108,749	125,139
Long-term debt, net of current maturities	394,700	161,800
Deferred items:		
Retirement and compensation	7,655	13,178
Income taxes	210,475	18,336
Other	995	-
	722,574	318,453
Stockholders' equity:		
Serial convertible preferred stock, no par value; authorized 500 shares; none issued	-	-
Common Stock, $2 par value; authorized 60,000 shares; issued and outstanding: 2002 34,621 shares; 2001 33,659 shares	69,242	67,318
Class B Common Stock, $2 par value; authorized 30,000 shares; issued and outstanding: 2002 9,690 shares; 2001 10,379 shares	19,380	20,758
Additional paid-in capital	55,797	48,164
Unearned compensation	(1,845)	(1,130)
Retained earnings	598,682	546,834
	741,256	681,944
	$1,463,830	$1,000,397

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Year Ended September 30					
	Amount			Shares		
(Thousands, Except Per Common Share Data)	2002	2001	2000	2002	2001	2000
Common Stock:	$ 67,318	$ 66,140	$ 66,142	33,659	33,070	33,071
Balance, beginning of year						
Conversion from Class B						
Common Stock	1,378	694	770	689	347	385
Shares issued	580	1,194	478	290	597	239
Shares reacquired	(34)	(710)	(1,250)	(17)	(355)	(625)
Balance, end of year	69,242	67,318	66,140	34,621	33,659	33,070
Class B Common Stock:						
Balance, beginning of year	20,758	21,480	22,376	10,379	10,740	11,188
Conversion to Common						
Stock	(1,378)	(694)	(770)	(689)	(347)	(385)
Shares reacquired	-	(28)	(126)	-	(14)	(63)
Balance, end of year	19,380	20,758	21,480	9,690	10,379	10,740
Additional paid-in capital:						
Balance, beginning of year	48,164	37,330	32,641			
Shares issued	7,633	10,834	4,689			
Balance, end of year	55,797	48,164	37,330			
Unearned compensation:						
Balance, beginning of year	(1,130)	(1,227)	(961)			
Restricted shares issued	(2,067)	(1,136)	(1,364)			
Restricted shares canceled	92	251	283			
Amortization	1,260	982	815			
Balance, end of year	(1,845)	(1,130)	(1,227)			
Retained earnings:						
Balance, beginning of year	546,834	271,444	234,131			
Net income	81,975	314,228	83,663			
Cash dividends per						
common share:	(30,075)	(29,797)	(28,288)			
2002 $0.68;						
2001 $0.68;						
2000 $0.64						
Shares reacquired	(52)	(9,041)	(18,062)			
Balance, end of year	598,682	546,834	271,444			
Total stockholders' equity	$ 741,256	$ 681,944	$ 395,167	44,311	44,038	43,810

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30		
(Thousands)	2002	2001	2000
Cash provided by operating activities:			
Net income	$ 81,975	$ 314,228	$ 83,663
Less: discontinued operations	(946)	(254,399)	(13,546)
Income from continuing operations	81,029	59,829	70,117
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	35,050	31,357	28,571
Losses (gains) on sales, or expected sales, of businesses	339	6,233	(18,439)
Distributions less than earnings of associated companies	(1,338)	(552)	(2,891)
Change in assets and liabilities, net of effects from business acquisitions:			
Decrease (increase) in receivables	2,722	(636)	2,250
Decrease (increase) in inventories and other	(6,562)	47	3,657
Increase (decrease) in accounts payable, accrued expenses and unearned revenue	(98)	(5,507)	7,940
Increase (decrease) in income taxes payable	(9,702)	6,449	2,421
Other	13,861	9,515	9,059
Net cash provided by operating activities	115,301	106,735	102,685
Cash required for investing activities:			
Sales (purchases) of temporary cash investments, net	211,221	(211,221)	-
Purchases of property and equipment	(13,522)	(9,904)	(25,392)
Acquisitions, net	(753,089)	(4,518)	(71,609)
Proceeds from sales of businesses	7,509	5,341	8,775
Other	407	(3,002)	929
Net cash required for investing activities	(547,474)	(223,304)	(87,297)
Cash required for financing activities:			
Proceeds from (payments on) notes payable, net	3,000	(37,937)	30,500
Payments on long-term debt	(46,100)	(11,600)	-
Purchases of common stock	(341)	(10,050)	(20,021)
Proceeds from long-term debt	279,000	-	-
Financing costs	(2,442)	-	-
Cash dividends paid	(22,542)	(29,797)	(28,288)
Other, primarily issuance of common stock	6,588	11,358	4,210
Net cash provided by (required for) financing activities	217,163	(78,026)	(13,599)
Net cash provided by (required for) discontinued operations	(42,778)	437,337	17,102
Net increase (decrease) in cash and cash equivalents	(257,788)	242,742	18,891
Cash and cash equivalents:			
Beginning of year	272,169	29,427	10,536
End of year	$ 14,381	$ 272,169	$ 29,427

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company directly, and through its ownership of associated companies, publishes 44 daily newspapers in 18 states and more than 175 other weekly, classified and specialty publications, along with associated online services. The Company currently operates in a single business segment.

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company has revised its previous presentation of equity in earnings of associated companies to exclude those amounts from operating revenue. Certain other amounts as previously reported have also been reclassified to conform with the current year presentation.

References to 2002, 2001 and 2000 mean the years ended September 30, 2002, 2001 and 2000, respectively.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly, or majority-owned, subsidiaries. All significant intercompany transactions have been eliminated.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less at date of acquisition to be cash equivalents.

Investments

All temporary cash investments, consisting of municipal and corporate debt securities, are classified as held to maturity, as the Company has the ability and the positive intent to do so. Such securities are stated at amortized cost, adjusted for amortization of premium and accretion of discount.

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

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

Accounts Receivable

The Company evaluates its allowance for doubtful accounts receivable based on the customer’s historical credit experience, payment trends, and other economic factors, to the extent available.

Inventories

Newsprint inventories are priced at the lower of cost or market, with cost being determined primarily by the last-in, first-out method. Newsprint inventories at September 30, 2002 and 2001 were less than replacement cost by $1,877,000 and $2,954,000, respectively.

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

Property and Equipment

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

	Years
Buildings and improvements	5 – 49
Printing presses and mailroom equipment	4 – 28
Other	3 – 11

The Company capitalizes interest as a component of the cost of constructing major facilities.

Goodwill and Intangible Assets

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

	Years
Non-compete and consulting agreements	3 – 15
Customer lists	3 – 23
Newspaper subscriber lists	12 – 33
Other	10

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement 141, *Business Combinations*, and Statement 142, *Goodwill and Other Intangible Assets*. Statement 141 requires that the purchase method of accounting be used for all business combinations initiated or completed after June 2001. Statement 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Statement 142 requires that goodwill and intangible assets with indefinite useful lives, such as mastheads, no longer be amortized, but instead tested for impairment at least annually. Statement 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.*

In August 2001, the FASB issued Statement 144*, Accounting for the Impairment or Disposal of Long-Lived Assets*, which supersedes Statement 121, discussed above, but retains the fundamental provisions of Statement 121 with regard to recognition and measurement of impairment of long-lived assets.

The Company was required to adopt the provisions of Statement 141 immediately, except with regard to business combinations initiated prior to July 2001, and Statements 142 and 144 effective no later than 2003. Furthermore, intangible assets determined to have an indefinite useful life and goodwill that are acquired in a purchase business combination completed after June 2001 may not be amortized. The Company elected to adopt Statements 142 and 144 effective in 2002.

Statement 141 requires, upon adoption of Statement 142, that the Company evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combination, and make any necessary reclassifications in order to conform with the new criteria for recognition apart from goodwill. Upon adoption of Statement 142, the Company reassessed the useful lives and residual values of all intangible assets acquired in purchase business combinations. There were no significant reclassifications or impairment losses identified as a result of adoption. In addition, the Company is required to periodically test the intangible assets identified as having an indefinite useful life and goodwill for impairment in accordance with the provisions of Statement 142.

The impact of adoption of these statements is as follows:

	Year Ended September 30		
(Thousands)	2002	2001	2000
Income from continuing operations, as reported	$ 81,029	$ 59,829	$ 70,117
Goodwill amortization, net of income tax benefit	-	5,861	5,863
Goodwill amortization of associated companies	-	236	102
Income from continuing operations, as adjusted	81,029	65,926	76,082
Discontinued operations	946	254,399	13,546
Net income, as adjusted	$ 81,975	$320,325	$ 89,628

The earnings per common share impact related to the adoption of these statements is as follows:

	Year Ended September 30		
	2002	2001	2000
Basic:			
Income from continuing operations, as reported	$ 1.84	$ 1.37	$ 1.59
Goodwill amortization	-	0.14	0.14
Income from continuing operations, as adjusted	1.84	1.51	1.73
Discontinued operations	0.02	5.81	0.31
Net income, as adjusted	$ 1.86	$ 7.32	$ 2.04
Diluted:			
Income from continuing operations, as reported	$ 1.83	$ 1.36	$ 1.58
Goodwill amortization	-	0.14	0.13
Income from continuing operations, as adjusted	1.83	1.50	1.71
Discontinued operations	0.02	5.77	0.31
Net income, as adjusted	$ 1.85	$ 7.27	$ 2.02

Revenue Recognition

Advertising and circulation revenue is recognized based on date of publication. Unearned revenue arises in the ordinary course of business from advance subscription payments for newspapers. Other revenue is recognized in the period in which it is earned.

Advertising Costs

Advertising costs, which are not material, are expensed as incurred.

Income Taxes

Deferred income taxes are provided using the liability method, whereby deferred income tax assets are recognized for deductible temporary differences and loss carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax basis. Deferred income tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Stock Compensation

The Company has three stock-based compensation plans. As permitted under generally accepted accounting principles, grants under those plans are accounted for following APB Opinion 25 and related interpretations. Accordingly, no compensation cost has been recognized for grants under the stock option or stock purchase plans.

The Company amortizes as compensation expense the value of restricted stock, issued under a long-term incentive plan, by the straight-line method over the restriction period, which is generally three years.

Effective in 2003, stock compensation will be accounted for as an expense in the Consolidated Statements of Income, according to the fair value method provisions of FASB Statement 123, *Accounting for Stock-Based Compensation.* The Company plans to restate prior year results for all awards granted, modified or settled in 1996 and thereafter, subject to the final issuance of the exposure draft amending FASB Statement 123. The Company estimates, based on historical stock compensation activity, that adoption of the fair value method provisions of Statement 123 will reduce 2003 results approximately $0.05 to $0.07 per diluted common share. See Note 9.

Uninsured Risks

The Company is self-insured for health care costs of its employees, subject to stop loss insurance, which limits exposure to large claims. The Company accrues its estimated health care costs in the period in which such costs are incurred, including an estimate of incurred but not reported claims. Other insurance carries deductible losses of varying amounts.

Discontinued Operations

In accordance with the provisions of FASB Statement 144, the operations and related losses on properties sold, or identified as held for sale in 2002, have been presented as discontinued operations in the Consolidated Statements of Income for all periods presented. Gains are recognized when realized.

2 ACQUISITIONS AND DIVESTITURES

In April 2002, the Company acquired the stock of Howard Publications, Inc. (Howard), a privately owned company comprised of 15 daily newspapers, 50% of the stock of Sioux City Newspapers, Inc. (SCN), and related specialty publications. The transaction was valued at approximately $696,800,000 after taking into account $50,000,000 of cash on the Howard balance sheet retained by the Company, and other adjustments. Certain non-publishing businesses of Howard were not included in the transaction.

The Company paid the purchase price and expenses related to the transaction from $433,000,000 of available funds, including proceeds from the sale of its broadcast properties, and revolving loans under the terms of a five year, $350,000,000 credit agreement.

The representations and warranties of Howard stockholders are secured for varying amounts pursuant to an escrow agreement between the Company and the indemnifying Howard stockholders.

In July 2002, the Company acquired the remaining 50% interest in SCN from a privately owned company. The transaction was valued at approximately $57,000,000 and was funded in part with approximately $42,000,000 in cash and temporary cash investments. The remainder of the purchase price was funded by the Company’s credit agreement. $3,000,000 of the purchase price is payable in November 2002. The Company’s Flathead group of weekly newspapers in Montana was transferred as partial consideration for the purchase.

The unaudited pro forma consolidated income information for 2002 and 2001, set forth below, presents results of operations as if the acquisitions of Howard and SCN had occurred at the beginning of each year and are not necessarily indicative of future results or actual results that would have been achieved had the acquisitions occurred as of the beginning of the respective years. Pro forma amounts for 2001, as previously reported on Form 8-K, have been adjusted to give effect to businesses reclassified to discontinued operations and additional purchase price adjustments. Pro forma results for 2001 do not reflect the full year impact of various newspapers and specialty publications purchased in 2001 because the impact is not significant.

(Thousands, Except Per Common Share Data) (Unaudited)	Year Ended September 30 2002	Year Ended September 30 2001
Total revenue	$645,756	$655,560
Income from continuing operations	81,900	44,810
Earnings per common share:		
Basic	$ 1.86	$ 1.02
Diluted	1.85	1.02

The purchase price allocation for Howard, including SCN and direct costs of acquisitions, subject to final purchase price adjustments, is as follows:

(Thousands)	
Current assets	$ 23,610
Property and equipment	93,941
Goodwill	395,223
Other intangible assets	453,703
Total assets acquired	966,477
Current liabilities	27,237
Long-term liabilities	185,394
	$ 753,846

Acquired intangible assets consist of the following:

(Thousands)		Weighted Average Amortization Period (Years)
Amortizable intangible assets:		
Customer lists	$361,074	23
Newspaper subscriber lists	60,607	24
Noncompete agreements	6,000	3
	$427,681	23
Unamortizable intangible assets:		
Mastheads	$ 26,022	-

The Company acquired six weekly newspapers or specialty publications and increased its ownership in an Internet venture in 2001; and acquired three daily newspapers, and several weekly newspapers and classified or specialty publications in 2000. In 2000, the Company also acquired a daily newspaper and specialty publications and received $9,300,000 of cash in exchange for all the assets and liabilities of two of its daily newspapers and the related specialty and classified publications. In connection with this transaction, the Company recognized a gain on sale of $18,439,000, which is recorded as non-operating income in 2000.

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

The Company sold several weekly and specialty publications in 2002, 2001 and 2000. These transactions were initiated prior to the adoption of FASB Statement 144 and, accordingly, results to the respective dates of sale and the gain or loss on sale are included in continuing operations. Proceeds from sales of properties or exchanges consist of the following:

	Year Ended September 30		
(Thousands)	2002	2001	2000
Noncash working capital	$ 492	$ 519	$ 111
Property and equipment	327	1,319	764
Intangible assets	7,029	4,961	721
	7,848	6,799	1,596
Gain (loss) recognized on sales, or expected sales, of businesses	(339)	(1,458)	18,439
	7,509	5,341	20,035
Less fair value of assets exchanged	-	-	11,260
	$ 7,509	$ 5,341	$ 8,775

In 2001 the Company recorded an expected loss of $4,775,000 related to businesses identified for sale. The properties were sold in 2002 and an additional loss of approximately $339,000 was recognized. These amounts are classified as non-operating expense in the Consolidated Statements of Income.

3 DISCONTINUED OPERATIONS

In March 2000, the Board of Directors of the Company made a determination to sell its broadcast properties. In May 2000 the Company entered into an agreement to sell substantially all of its broadcasting operations, consisting of eight network-affiliated and seven satellite television stations, to Emmis Communications Corporation and consummated the transaction in October 2000. The net proceeds of approximately $565,000,000 resulted in an after-tax gain for financial reporting purposes of approximately $250,800,000 in 2001. Results for the broadcast properties have been classified as discontinued operations for all periods presented.

In July 2001, the Company completed the sale of its last broadcasting property. Net proceeds of the sale totaled approximately $7,600,000. The after-tax gain of approximately $4,000,000 on the sale is reflected in discontinued operations in 2001.

The Company’s Flathead group of weekly newspapers in Montana was transferred as partial consideration for the purchase of the remaining 50% of SCN. The Company recognized an after-tax loss of $2,688,000 on the transfer of the Flathead newspapers, which is recorded in discontinued operations in 2002.

In October 2002, the Company completed the sale of its Ashland, Oregon, daily newspaper. The transaction resulted in an after-tax loss on sale of $300,000, which is recorded in discontinued operations in 2002. Results for Flathead and Ashland are recorded in discontinued operations for all periods presented in accordance with the provisions of FASB Statement 144.

Income from discontinued operations consists of the following:

	Year Ended September 30		
(Thousands)	2002	2001	2000
Operating revenue	$ 5,668	$ 7,184	$ 128,904
Income from, or gain (loss) on sale of, discontinued operations	(5,271)	402,086	23,224
Income tax expense (benefit)	(6,217)	147,687	9,678
	$ 946	$ 254,399	$ 13,546

Income tax benefit related to discontinued operations differs from the amounts computed by applying the U.S. federal income tax rate in 2002 as follows:

	Year Ended September 30, 2002
Computed "expected" income tax benefit	(35.0)%
State income taxes, net of federal tax benefit	(3.8)
Resolution of tax issues	(75.9)
Other	(3.2)
	(117.9)%

A $4,000,000 reduction of income tax expense has been recorded in results from discontinued operations in 2002, from changes in estimates related to state taxes on the sale of broadcasting operations. The difference from the U.S. federal income tax rate in 2001 and 2000 was primarily attributable to state income taxes.

The components of assets and liabilities of discontinued operations at September 30, 2002 and 2001 are not significant.

4 INVESTMENTS IN ASSOCIATED COMPANIES

The Company has a 50% ownership interest in Madison Newspapers, Inc. (MNI), a company that publishes daily and Sunday newspapers, and other publications in Madison, Wisconsin, other daily newspapers and various other publications in Wisconsin; and also holds interests in Internet service ventures.

Summarized financial information of MNI is as follows:

	September 30	
(Thousands)	2002	2001
ASSETS		
Current assets	$ 24,284	$ 21,805
Investments and other assets	49,608	32,175
Property and equipment, net	13,972	14,810
	$ 87,864	$ 68,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities, excluding debt	$ 14,673	$ 14,911
Debt, including current maturities	32,344	16,000
Other	291	-
Stockholders' equity	40,556	37,879
	$ 87,864	$ 68,790

	Year Ended September 30		
(Thousands)	2002	2001	2000
Revenue	$ 106,527	$ 105,880	$ 97,279
Operating expenses, excluding depreciation and amortization	74,175	76,337	64,769
Operating income	27,703	24,824	29,781
Net income	16,927	15,302	18,791

Accounts receivable from associated companies consist of dividends due from MNI. Fees for editorial, marketing and information technology services provided to MNI by the Company are included in other revenue and totaled $8,962,000, $9,300,000 and $9,320,000 in 2002, 2001 and 2000, respectively.

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

	September 30	
(Thousands)	2002	2001
Company's share of:		
Stockholders' equity	$ 20,278	$ 18,940
Undistributed earnings	20,028	18,690

In April 2002, a subsidiary of MNI acquired certain of the assets of Citizen Newspapers, LLC, which owned the Beaver Dam *Daily Citizen* and various other publications published in Wisconsin. The purchase price was approximately $18,440,000.

5 INTANGIBLE ASSETS AND GOODWILL

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

	September 30	
(Thousands)	2002	2001
Unamortizable intangible assets:		
Mastheads	$ 26,022	$ -
Amortizable intangible assets:		
Noncompete covenants and consulting agreements	28,406	22,475
Less accumulated amortization	21,967	21,380
	6,439	1,095
Customer and newspaper subscriber lists	525,224	106,195
Less accumulated amortization	44,576	29,738
	480,648	76,457
	$ 513,109	$ 77,552

Annual pretax amortization of intangible assets related to continuing operations for the five years ending September 2007 is estimated to be $27,623,000, $27,610,000, $24,736,000, $23,216,000 and $23,213,000, respectively.

Changes in the carrying amount of goodwill are as follows:

	Year Ended September 30	
(Thousands)	2002	2001
Goodwill, beginning of year	$ 225,147	$ 236,722
Goodwill related to acquisitions	395,223	3,126
Goodwill related to sales of businesses	(10,578)	(6,886)
Amortization	-	(7,815)
Goodwill, end of year	$ 609,792	$ 225,147

6 DEBT

In conjunction with the acquisition of Howard, the Company entered into a five-year, $350,000,000 credit agreement dated as of March 28, 2002 among the Company, Bank of America, N.A. (BofA), as administrative agent, and the other lenders party thereto. The previously existing revolving credit agreement was simultaneously cancelled. The initial interest rate of the revolving loans is, at the option of the Company, LIBOR plus 1.25% or a base rate equal to the greater of the federal funds rate plus 0.5% or the BofA prime rate. The weighted average interest rate on floating rate debt is 3.07% at September 30, 2002.

Debt consists of the following:

	September 30	
(Thousands)	2002	2001
2002 credit agreement	$ 244,500	$ -
1998 Note Purchase Agreement, 6.14% to 6.64% due in varying amounts to 2013	161,800	173,400
Other, due 2003	3,000	-
	409,300	173,400
Less current maturities	14,600	11,600
	$ 394,700	$ 161,800

Aggregate maturities during the five years ending September 2007 are $14,600,000, $36,600,000, $11,600,000, $12,400,000 and $256,900,000, respectively.

Under the terms of the Company’s 1998 Note Purchase Agreement (1998 Agreement), the Company was required to repay the outstanding balance of $161,800,000 in October 2002 unless the Company reinvested the net proceeds of the sale of its broadcast operations or obtained a waiver or amendment of that provision of the 1998 Agreement. The acquisition of Howard satisfied the conditions of the Company’s 1998 Agreement with regard to reinvestment of the net proceeds of the sale of broadcast operations. If repayment had been required, a substantial prepayment penalty would have also been required, based upon interest rates in effect at that time.

Debt agreements provide for restrictions as to indebtedness, liens, sales, mergers, acquisitions and investments and require the Company to maintain leverage and interest coverage ratios. Covenants under these agreements are not considered restrictive to normal operations or historical amounts of stockholder dividends. At September 30, 2002, the Company was in compliance with these covenants.

7 RETIREMENT PLANS

Substantially all the Company's employees are eligible to participate in a qualified defined contribution retirement plan. The Company also has other retirement and compensation plans for executives and others. Retirement and compensation plan costs, including interest on deferred compensation costs, charged to continuing operations are $11,076,000 in 2002, $9,800,000 in 2001 and $10,200,000 in 2000.

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

Class B Common Stock has ten votes per share on all matters and generally votes as a class with Common Stock (which has one vote per share). The transfer of Class B Common Stock is restricted. Class B Common Stock is at all times convertible into shares of Common Stock on a share-for-share basis. Common Stock and Class B Common Stock have identical rights with respect to cash dividends and upon liquidation. All outstanding Class B Common Stock converts to Common Stock when the shares of Class B Common Stock outstanding total less than 5,600,000 shares.

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

Rights become exercisable only in the event that any person or group of affiliated persons becomes a holder of 20% or more of the Company's outstanding Common Shares, or commences a tender or exchange offer which, if consummated, would result in that person or group of affiliated persons owning at least 20% of the Company's outstanding Common Shares. Once the Rights become exercisable, they entitle all other stockholders to purchase, by payment of a $150 exercise price, one one-thousandth of a share of Series A Participating Preferred Stock, subject to adjustment, with a value of twice the exercise price. In addition, at any time after a 20% position is acquired and prior to the acquisition of a 50% position, the Board of Directors may require, in whole or in part, each outstanding Right (other than Rights held by the acquiring person or group of affiliated persons) to be exchanged for one share of Common Stock or one one-thousandth of a share of Series A Preferred Stock. The Rights may be redeemed at a price of $0.001 per Right at any time prior to their expiration in May 2008.

9 STOCK OWNERSHIP PLANS

The Company has three stock-based compensation plans. As permitted under generally accepted accounting principles, grants under those plans are accounted for following APB Opinion 25 and related interpretations. Accordingly, no compensation cost has been recognized for grants under the stock option or stock purchase plans.

Had compensation costs for all of the stock-based compensation plans been determined based on the grant date fair values of awards (the method described in FASB Statement 123), reported net income and earnings per common share would have been reduced to the pro forma amounts shown below:

(Thousands, Except Per Common Share Data)	2002	2001	2000
Net income:			
As reported	$ 81,975	$ 314,228	$ 83,663
Pro forma	79,855	312,470	82,035
Earnings per common share:			
Basic:			
As reported	$ 1.86	$ 7.18	$ 1.90
Pro forma	1.81	7.14	1.86
Diluted:			
As reported	1.85	7.13	1.89
Pro forma	1.80	7.09	1.85

Stock Options and Restricted Stock

The Company has reserved 4,087,000 shares of Common Stock for issuance to key employees under an incentive and nonstatutory stock option and restricted stock plan approved by stockholders. Options have been granted at a price equal to the fair market value on the date of grant, and are exercisable in cumulative installments over a ten-year period. The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions for grants: dividend rates of 2.0% to 2.8%; price volatility of 18.5% to 29.8%; risk-free interest rates based upon the life of the option ranging from 2.2% to 6.7%; and expected lives based upon the life of the option ranging from 0.7 to 8 years.

A summary of stock option activity is as follows:

	Number of Shares		
(Thousands)	2002	2001	2000
Under option, beginning of year	967	1,178	1,258
Granted	300	355	282
Exercised	(174)	(547)	(336)
Terminated and canceled	(44)	(19)	(26)
Under option, end of year	1,049	967	1,178
Exercisable, end of year	530	467	767

Weighted average prices of options are as follows:

	2002	2001	2000
Granted	$ 35.58	$ 27.24	$ 29.11
Exercised	25.77	18.83	14.15
Under option, end of year	29.04	26.44	22.72
Fair value of options granted	9.74	6.97	7.75

A summary of options outstanding at September 30, 2002 is as follows:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (In Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$15 to 20	69,000	1.7	$ 17.71	69,000	$ 17.71
20 to 25	52,000	3.7	21.66	49,000	21.60
25 to 30	563,000	5.4	27.35	360,000	27.65
30 to 34	72,000	5.1	31.89	52,000	32.10
35 to 40	293,000	9.1	35.58	-	-
Total	1,049,000	6.1	$ 29.04	530,000	$ 26.23

Restricted stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment within three years of the grant date for reasons other than normal retirement, death or disability. In 2002, 2001 and 2000, the Company granted 58,000, 44,000 and 46,000 shares, respectively, of restricted stock to employees. At September 30, 2002, 114,000 shares of restricted stock were outstanding.

At September 30, 2002, 3,038,000 shares were available for granting of stock options or issuance of restricted stock.

Stock Purchase Plan

The Company has 925,000 shares of Common Stock available for issuance pursuant to an employee stock purchase plan. April 30, 2003 is the exercise date for the current offering. The purchase price is the lower of 85% of the fair market value at the date of grant or the exercise date, which is one year from the date of grant. The weighted-average fair values of purchase rights granted in 2002, 2001 and 2000, computed using the Black-Scholes option-pricing model, were $9.23, $6.93 and $5.32, respectively.

In 2002, 2001 and 2000 employees purchased 63,000, 85,000 and 124,000 shares, respectively, at a price of $26.44 in 2002, $19.20 in 2001 and $19.31 in 2000.

10 INCOME TAXES

Income tax expense consists of the following:

(Thousands)	Year Ended September 30 2002	2001	2000
Current:			
Federal	$ 13,115	$ 181,412	$ 36,036
State	5,832	28,936	6,612
Deferred	4,866	(29,446)	7,524
	$ 23,813	$ 180,902	$ 50,172
Continuing operations	$ 30,030	$ 33,215	$ 40,494
Discontinued operations	(6,217)	147,687	9,678
	$ 23,813	$ 180,902	$ 50,172

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

	Year Ended September 30 2002	2001	2000
Computed "expected" income tax expense	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.8	4.0	4.0
State income tax credits	-	(2.4)	-
Net income of associated companies taxed at dividend rates	(2.4)	(2.2)	(2.3)
Goodwill amortization	-	1.2	1.0
Resolution of tax issues	(9.1)	-	-
Other	(0.3)	0.1	(1.1)
	27.0%	35.7%	36.6%

The favorable resolution of tax issues reduced income tax expense in 2002 by approximately $10,100,000. The Company has favorably resolved one element of a federal tax claim related to the deductibility of losses on the 1997 sale of a business. Due to the uncertainty of a favorable resolution at the time of sale, the amount claimed was reserved in the Consolidated Financial Statements. The reversal has been recorded in results from continuing operations as a reduction of income tax expense in 2002.

Substantial deferred income tax liabilities were recorded in 2002 as a result of acquisitions. Net deferred income tax liabilities consist of the following components:

(Thousands)	September 30 2002	September 30 2001
Deferred income tax liabilities:		
Property and equipment	$ 20,543	$ 10,374
Equity in undistributed earnings of affiliates	1,594	1,238
Identifiable intangible assets	191,952	13,093
Other	160	185
	214,249	24,890
Deferred income tax assets:		
Accrued compensation	3,888	6,644
Allowance for doubtful accounts	3,407	2,707
Other	4,291	2,691
	11,586	12,042
Net deferred income tax liabilities	$202,663	$ 12,848

Net deferred income tax liabilities have been classified in the accompanying Consolidated Balance Sheets as follows:

(Thousands)	September 30 2002	September 30 2001
Current assets	$ 7,812	$ 5,488
Non-current liabilities	(210,475)	(18,336)
	$(202,663)	$ (12,848)

A $4,000,000 reduction of income tax expense from changes in estimates related to state taxes on the sale of broadcasting operations in 2000 and thereafter has been recorded in results from discontinued operations in 2002.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

The carrying amounts of cash and cash equivalents, temporary cash investments, accounts receivable, and accounts payable approximate fair value because of the short maturity of those instruments. The carrying value of other investments, consisting of debt and equity securities in a deferred compensation trust, is carried at fair value based upon quoted market prices. Equity securities totaling $3,927,000, consisting primarily of the Company's 17% ownership of the nonvoting common stock of The Capital Times Company, are carried at cost, as the fair value is not readily determinable. The fair value of floating rate debt approximates the carrying amount.

The fair value of the Company's fixed rate debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The estimated fair values of the Company's fixed rate debt are as follows:

(Thousands)	Carrying Amount	Fair Value
September 30:		
2002	$161,800	$175,200
2001	173,400	178,100

12 EARNINGS PER COMMON SHARE

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

	Year Ended September 30		
(Thousands, Except Per Common Share Data)	2002	2001	2000
Income applicable to common stock:			
Continuing operations	$ 81,029	$ 59,829	$ 70,117
Discontinued operations	946	254,399	13,546
Net income	$ 81,975	$ 314,228	$ 83,663
Weighted average common shares outstanding	44,204	43,873	44,099
Less non-vested restricted stock	117	89	94
Basic average common shares outstanding	44,087	43,784	44,005
Dilutive stock options and restricted stock	264	305	355
Diluted average common shares	44,351	44,089	44,360
Earnings per common share:			
Basic:			
Continuing operations	$ 1.84	$ 1.37	$ 1.59
Discontinued operations	0.02	5.81	0.31
Net income	$ 1.86	$ 7.18	$ 1.90
Diluted:			
Continuing operations	$ 1.83	$ 1.36	$ 1.58
Discontinued operations	0.02	5.77	0.31
Net income	$ 1.85	$ 7.13	$ 1.89

13 OTHER INFORMATION

Compensation and other accrued liabilities related to continuing operations consist of the following:

	September 30	
(Thousands)	2002	2001
Compensation	$ 17,552	$ 13,525
Retirement and stock purchase plans	7,849	4,615
Interest	1,075	5,537
Other	6,115	3,371
	$ 32,591	$ 27,048

Cash flow information is as follows:

	Year Ended September 30		
(Thousands)	2002	2001	2000
Cash payments for:			
Interest, net of capitalized interest of $1,389 in 2000	$ 18,881	$ 13,025	$ 5,783
Income taxes	65,485	165,028	42,345
Program rights acquired by issuing long-term contracts	-	-	7,794
Capital expenditures related to discontinued operations	150	68	7,360

14 VALUATION AND QUALIFYING ACCOUNTS

Valuation and qualifying account information related to continuing operations is as follows:

(Thousands)	Balance, Beginning of Year	Additions Charged to Income	Reserves of Businesses Acquired or Sold	Deductions from Reserves	Balance, End of Year
ALLOWANCE FOR DOUBTFUL ACCOUNTS					
Year ended September 30:					
2002	$ 4,328	$ 2,728	$ 2,396	$ 3,417	$ 6,035
2001	3,244	4,160	-	3,076	4,328
2000	3,257	3,153	-	3,166	3,244
ALLOWANCE FOR LOSSES ON LOANS					
Year ended September 30:					
2002	$ 2,522	$ 188	$ -	$ -	$ 2,710
2001	-	2,522	-	-	2,522

15 RELATED PARTY TRANSACTIONS

In 2002, the Company accrued a $1,000,000 contribution to Lee Foundation, the directors of which are officers of the Company. Lee Foundation supports capital and other projects of not for profit organizations in the communities in which newspapers and other publications of the Company are located.

16 COMMITMENTS

In 2002, the Company entered into a four-year contract for the annual purchase of 45,000 metric tonnes of newsprint, at market prices, from a single supplier. The commitment represents approximately one-third of the Company's annual volume, inclusive of MNI. The commitment is reduced to the extent it exceeds 75% of the Company's annual usage. The Company has other newsprint commitments, both formal and informal, for lesser amounts, with other suppliers.

17 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2002, the FASB issued Statement 146, *Accounting for Costs Associated with Exit or Disposal Activities.* Statement 146 requires companies to recognize liabilities and costs associated with exit or disposal activities initiated after December 2002 when they are incurred, rather than when management commits to a plan to exit an activity. Statement 146 will affect only the timing of the recognition of future restructuring costs and is not expected to have a material effect on the Company's Consolidated Financial Statements.

18 QUARTERLY FINANCIAL DATA (UNAUDITED)

(Thousands, Except Per Common Share Data)	Quarter 1st	2nd	3rd	4th
2002	(1)	(1)	(1)	
Operating revenue	$ 107,360	$ 96,507	$ 159,547	$ 162,482
Income from continuing operations	18,037	13,226	30,756	19,010
Income (loss) from discontinued operations	(37)	(102)	1,332	(247)
Net income	18,000	13,124	32,088	18,763
Earnings per common share:				
Basic:				
Income from continuing operations	$ 0.41	$ 0.30	$ 0.70	$ 0.43
Income from discontinued operations	-	-	0.03	(0.01)
Net income	$ 0.41	$ 0.30	$ 0.73	$ 0.42
Diluted:				
Income from continuing operations	$ 0.41	$ 0.30	$ 0.69	$ 0.43
Income from discontinued operations	-	-	0.03	(0.01)
Net income	$ 0.41	$ 0.30	$ 0.72	$ 0.42
2001	(1)	(1)	(1)	(1)
Operating revenue	$ 114,429	$ 99,226	$ 107,684	$ 105,627
Income from continuing operations	21,052	13,282	15,797	9,698
Income (loss) from discontinued operations	250,850	(226)	(95)	3,870
Net income	271,902	13,056	15,702	13,568
Earnings per common share:				
Basic:				
Income from continuing operations	$ 0.48	$ 0.30	$ 0.36	$ 0.23
Income from discontinued operations	5.75	-	-	0.06
Net income	$ 6.23	$ 0.30	$ 0.36	$ 0.29
Diluted:				
Income from continuing operations	$ 0.48	$ 0.30	$ 0.36	$ 0.22
Income from discontinued operations	5.71	-	-	0.06
Net income	$ 6.19	$ 0.30	$ 0.36	$ 0.28

(1) In the third and fourth quarters of 2002 the Company reclassified the results of its Flathead group of weekly newspapers and Ashland, Oregon daily newspaper, respectively, to discontinued operations. See Note 3.

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Lee Enterprises, Incorporated and subsidiaries as of September 30, 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Lee Enterprises, Incorporated and subsidiaries at September 30, 2002 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142.

Deloitte & Touche LLP

Davenport, Iowa
November 7, 2002

McGladrey & Pullen
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Lee Enterprises, Incorporated and subsidiaries as of September 30, 2001 and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended September 30, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lee Enterprises, Incorporated and subsidiaries as of September 30, 2001 and the results of their operations and their cash flows for the years ended September 30, 2001 and 2000 in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Davenport, Iowa
November 9, 2001

LEE ENTERPRISES

REPORT OF MANAGEMENT

The management of Lee Enterprises, Incorporated is responsible for the preparation and integrity of all financial statements and other information contained in this Form 10-K. We rely on a system of internal financial and disclosure controls to meet the responsibility of providing accurate financial statements. These controls provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements for each of the years covered in this Annual Report on Form 10-K have been audited by independent auditors, who have provided an independent assessment as to the fairness of the financial statements, after obtaining an understanding of the Company's systems and procedures and performing such other audit tests as deemed necessary.

The Audit Committee of the Board of Directors, which is composed solely of directors who are not officers of the Company, meets with management and the independent auditors to review the results of their work and to satisfy itself that their respective responsibilities are being properly discharged. The independent auditors have full and free access to the Audit Committee and have regular discussions with the Committee regarding appropriate auditing and financial reporting matters.

Mary E. Junck
Chairman, President and Chief Executive Officer

Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer

December 27, 2002

Board of Directors

Mary E. Junck
Chairman, President and Chief Executive Officer;
Director since 1999; Chairman of Executive Committee

Rance E. Crain
President, Crain Communications, Inc.;
Director since 1990; member of Executive and Executive Compensation committees

William E. Mayer
Founding Partner, Park Avenue Equity Partners, L.P.;
Director since 1998; Lead Director, Chairman of Executive Compensation Committee and member of Nominating and Corporate Governance Committee

Herbert W. Moloney III
Chief Operating Officer, North America, Vertis, Inc.;
Director since 2001; member of Audit and Nominating and Corporate Governance committees

Andrew E. Newman
Chairman and Chief Executive Officer, Race Rock International, Inc., and Culinary Essence, LLC;
Director since 1991; Chairman of Audit Committee and member of Executive Compensation Committee

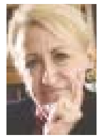
Gordon D. Prichett
Partner, Cairnwood Cooperative, and Professor of Mathematics, Statistics and Information Systems, Babson College;
Director since 1998; member of Executive and Audit committees

Gregory P. Schermer
Vice President – Interactive Media; Corporate Counsel;
Director since 1999

Mark Vittert
Private Investor;
Director since 1986; Chairman of Nominating and Corporate Governance Committee and member of Executive Compensation Committee

Executive Team


Mary E. Junck
Chairman, President and Chief Executive Officer


Nancy L. Green
Vice President – Circulation


Michael R. Gulledge
Group Publisher;
Publisher, *Billings Gazette*


Daniel K. Hayes
Director of Communications


James W. Hopson
Vice President – Publishing;
Publisher, *Wisconsin State Journal*

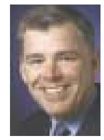

Brian E. Kardell
Vice President – Information Systems and Chief Information Officer


Vytenis P. Kuraitis
Vice President – Human Resources


Linda Ritchie Lindus
Group Publisher;
Publisher, *Herald & Review*


Kevin E. Mowbray
Vice President – Sales & Marketing


Michael E. Phelps
Vice President – Publishing;
Publisher, *Quad-City Times*


Gregory P. Schermer
Vice President – Interactive Media;
Corporate Counsel


Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer


David B. Stoeffler
Vice President – News


John VanStrydonck
Vice President – Publishing;
Publisher, *Missoulian*


Greg R. Veon
Vice President – Publishing

Muscatine Journal
The Last A
Shawano Leader
Sunday
McCallum: ATVs can help fuel economy
Estimated co jail, sheriff's project doubl
Bush: Congress close to agreement on Iraq
The Chippewa Herald
Winona Daily
ounty prisoners to pay
ouncil cries foul
County won't build another landfill
Daily Citizen
Nash fans ramble to
Beatrice Daily Sun
Ryan Henrichs' quick response earns award
John C. Fremont Days
Fremont Tribune
Fun for everyone
ng for the whole family
Racine
The Jo
A new day fo
Johnson Building's openin
Baraboo News Republic
Tugboat sinks at bridg
Sunday
The Journal-Standard
Keeping up with the Joneses
A taxing issue
Byron nuclear waste may find new home
Portage Daily Register
Progress in Portage
Thursday 19
Columbus Telegr
Fisher sets CCC's
The Ledger Independent
Ravalli Republic
Neighbors concerned over pro
Gazette-Times
Report: No crime by chief
Weekend
Mattoon Journal Gazett
Cal Ripken World Series
Albany Democrat-Herald
OSP Albany comma
Charleston, Illinois
Times-Courier
Returning home to tears of joy
The Friday Leader
Elvis lives!
The Sentinel
Quick thinking limits fire damage
Season-open split
Traditional horsemen
Independent Record
Back from the brink
Jazz great Lionel Hampton dies at 94
The Montana Standard
Butte test scores up
Test Score Comparison
Trustees asked to revisit assembly decision
Jazz society founder arrested
The Citizen.
Juror: There was 'no doubt'
New look at an old problem
What cell-phone law?
The Times
Fire gut
Medical exp of T&D Region