

LEE ENTERPRISES, INC
Form PRE 14A
January 26, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

LEE ENTERPRISES, INCORPORATED
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth
3) amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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LEE ENTERPRISES, INCORPORATED
201 N. Harrison Street, Suite 600
Davenport, Iowa 52801-1924

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD March 21, 2012

TO OUR STOCKHOLDERS:

The Annual Meeting of Stockholders (the "Annual Meeting") of Lee Enterprises, Incorporated, a Delaware corporation (the "Company"), will be held on the 4th floor of the Company's offices, 201 N. Harrison Street, Davenport, Iowa, 52801-1924, on March 21, 2012, at 9:00 a.m. CST, for the following purposes:

- (1) To elect four directors for terms of three years;
- (2) To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm;
- (3) To grant the Board of Directors the discretionary authority to effect a reverse stock split;
and
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed January 23, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at the Annual Meeting.

We are furnishing our proxy materials to you under Securities and Exchange Commission rules that allow public companies to deliver proxy materials to their stockholders using the Internet. On or about February 6, 2012, you were provided with a Notice of Internet Availability of Proxy Materials ("Notice") and provided access to our proxy materials over the Internet.

We encourage you to attend the Annual Meeting. However, it is important that your shares be represented whether or not you plan to attend. Even if you plan to attend the Annual Meeting, please vote, as instructed in the Proxy Statement as promptly as possible to ensure that your vote is recorded. Alternatively, you may follow the procedures outlined in the Notice to request a paper proxy card to submit your vote by mail. If you attend the meeting and your shares are registered in your name, you may withdraw your proxy at that time and vote your shares in person.

C. D. Waterman III, Secretary

Davenport, Iowa
February 6, 2012

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LEE ENTERPRISES, INCORPORATED
2012 ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

References to “we”, “our”, “us” and the like, except under "Executive Compensation", refer to Lee Enterprises, Incorporated (the "Company"). References to "2012", "2011", "2010" and the like refer to the fiscal year ending, or ended, the last Sunday in September.

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the Annual Meeting of Stockholders (the “Annual Meeting”) to be held on the 4th floor of our offices, 201 N. Harrison Street, Davenport, Iowa, 52801-1924, on March 21, 2012, at 9:00 a.m. CST, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

In accordance with rules adopted by the Securities and Exchange Commission (“SEC”), we have provided Internet access to this Proxy Statement and our Annual Report on Form 10-K for the year ended September 25, 2011. Accordingly, a Notice of Internet Availability of Proxy Materials (the “Notice”) has been sent to our stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request that a printed set of the proxy materials be sent to them by following the instructions in the Notice. If you requested printed versions of these materials by mail, these materials also include the proxy card for the Annual Meeting.

Also, the Notice provides you with instructions to inform us how to send our future proxy materials to you electronically by email, or in printed form by mail. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email, or in printed form by mail, will remain in effect until you terminate it.

PROXIES

Your vote is very important. If you are a stockholder of record, you may vote your Common Stock in person at the Annual Meeting. We will give you a ballot when you arrive. If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the Internet (at www.eproxy.com/lee), by telephone (1-800-560-1965) or through the mail. If you received these proxy materials by mail, you may vote by signing and dating the proxy card(s) and returning the card(s) in the prepaid envelope or you may also vote by Internet or telephone (as indicated above). If you received these proxy materials via e-mail, the e-mail message transmitting the link to these materials contains instructions on how to vote your shares of Common Stock and your control number. Instructions on how to vote by Internet are also contained in the Notice.

You may revoke the proxy before the Annual Meeting, whether delivered by Internet, telephone or through the mail, by using, respectively, the Internet voting procedures, the telephone voting procedures or by mailing a signed instrument revoking the proxy to: C. D. Waterman III, Corporate Secretary, Lee Enterprises, Incorporated, at the address shown on the cover of this Proxy Statement. To be effective, a mailed revocation must be received by the Secretary on or before March 20, 2012. A stockholder may also attend the Annual Meeting in person, withdraw the proxy and vote in person.

If a broker, bank or other nominee holds your Common Stock, you will receive instructions from them that you must follow in order to have your shares voted. Shares held by a broker, bank or other nominee cannot be voted in person at the Annual Meeting.

FORMER HOLDERS OF CLASS B COMMON STOCK

In 2011, all shares of Class B Common Stock were converted into an equal number of shares of Common Stock, in accordance with sunset provisions for Class B Common Stock established in 1986. If you still hold shares of Class B Common Stock, contact Wells Fargo Shareowner Services at 1-877-536-3552 to have the shares converted to Common Stock.

VOTING PROCEDURES

Stockholders of record at the close of business on January 23, 2012 will be entitled to vote at the Annual Meeting or any adjournment thereof. As of December 30, 2011, there were 44,957,601 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote at the Annual Meeting. The holders of Common Stock will vote as a single class on all matters to be considered at the Annual Meeting.

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The presence, in person or by proxy, of a majority of the voting power of our Common Stock issued and outstanding and entitled to vote is necessary to constitute a quorum at the Annual Meeting. The affirmative vote of the holders of a plurality of the voting power of Common Stock represented in person or by proxy at the Annual Meeting is required to elect directors under Proposal 1, and the affirmative vote of the holders of a majority of the voting power of Common Stock represented at the Annual Meeting, voting as a single class, is required to act on Proposal 2 and Proposal 3, as more fully set forth in this Proxy Statement, and on any other matter properly brought before the meeting.

Abstentions from voting on Proposal 2 and Proposal 3 will be included for purposes of determining whether the requisite number of affirmative votes is received on any matters other than the election of directors submitted to the stockholders for vote and, accordingly, will have the same effect as a vote AGAINST such matters. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will be considered as present and entitled to vote, but will have no effect on the vote with respect to that matter.

In voting by proxy with regard to the election of directors, stockholders may vote in favor of all nominees, withhold their votes as to all nominees, or withhold their votes as to specific nominees. Stockholders should specify their choices by using the Internet or telephone voting procedures, or on the proxy card, if printed copies of the proxy materials are requested by mail. All properly executed proxies delivered to us and not subsequently revoked will be voted at the Annual Meeting in accordance with the directions given. For any stockholder of record, if no specific instructions are provided the shares represented by the proxy will be voted FOR the election of all directors in Proposal 1 and FOR the approval of Proposal 2 and Proposal 3, as more fully set forth in this Proxy Statement. If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment.

New York Stock Exchange ("NYSE") rules forbid its member-brokers to vote shares held by them in elections for directors, and on any matters relating to executive compensation. Accordingly, YOUR BROKER MAY NOT VOTE on Proposal 1 in its discretion, though your shares will be counted for purposes of determining whether a quorum is present. NYSE member-brokers are allowed to vote shares held by them for their customers only on matters the NYSE determines are routine, unless the brokers have received voting instructions from their customers. The NYSE does not consider the proposal to approve such other business as may properly come before the Annual Meeting or any adjournment a routine matter, so YOUR BROKER MAY NOT VOTE on this proposal in its discretion, though your shares will be counted for purposes of determining whether a quorum is present. Your broker, therefore, will need to return a proxy card without voting on these matters if you do not give voting instructions with respect to these matters. This is referred to as a "broker non-vote".

We encourage you to provide voting instructions to the broker, bank or other nominee that holds your shares by carefully following the instructions provided in the Notice from such entity.

PROPOSAL 1 - ELECTION OF DIRECTORS

Four directors are to be elected to hold office for three-year terms expiring at the annual meeting in 2015.

Proxies will be voted for the election of the nominees unless the stockholder giving the proxy withholds such authority. If, as a result of circumstances not now known, any of such nominees shall be unable to serve as a director, proxies will be voted for the election of such other person as the Board of Directors may select. Information about the nominees and directors continuing in office, including business experience for at least the last five years, is set forth below. Also included is a description of the specific experience, qualifications, attributes and skills of each nominee and director continuing in office that led the Board of Directors to conclude that each is well qualified to serve as a

member of our Board of Directors.

Nominees for Election as Directors with Terms Expiring in 2015

Each of the individuals named below is a nominee of the Nominating and Corporate Governance Committee of the Board of Directors and nominated by the full Board of Directors for election as a director at the Annual Meeting. Except for Mr. Schermer, each nominee is independent, as defined in the listing standards of the NYSE. The current terms of directors Magid, Mayer, Schermer and Vittert expire March 21, 2012.

Brent Magid, 46, Director since 2010

Mr. Magid is President and Chief Executive Officer of Frank N. Magid Associates, Inc., a research-based strategy consulting company with expertise in a wide range of media. From 2007 to 2009, Mr. Magid served as a director of

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Quattro Wireless, a mobile advertising company. Mr. Magid provides the Board of Directors with experience and insight into key marketing and advertising trends and related media industry strategies.

Mr. Magid is a member of the Nominating and Corporate Governance Committee.

William E. Mayer, 71, Director since 1998

Mr. Mayer is a founding partner of Park Avenue Equity Partners, L.P., New York, NY, a private equity firm. He is also a director of BlackRock Kelso Capital Corporation, a closed-end management investment company, DynaVox, Inc. and a trustee of the Columbia Mutual Funds. Since 1976, Mr. Mayer has served on the boards of directors of 16 public companies, and as chairman of the board of the University of Maryland, College Park, and The Aspen Institute. Mr. Mayer also served as a professor and dean of the College of Business and Management at the University of Maryland from 1992 to 1996. Mr. Mayer provides the Board of Directors with business leadership experience, an understanding of the strategic, operational and financial issues confronting public companies, and experience with respect to corporate governance matters.

Mr. Mayer is Chairman of the Executive Compensation Committee and a member of the Executive Committee and the Nominating and Corporate Governance Committee. Mr. Mayer has been designated as our Lead Director by the independent directors to preside over executive sessions of non-management directors.

Gregory P. Schermer, 57, Director since 1999

Mr. Schermer is Vice President-Interactive Media of the Company. From 1989 to July 2006, Mr. Schermer also served as Corporate Counsel of the Company. Mr. Schermer leads the development of our digital media strategies and platforms and represents the Company in several industry digital media initiatives, including The Newspaper Consortium (the "Consortium"), a group of 30 companies that represent nearly 800 local newspapers helping local advertisers to reach digital audiences. Mr. Schermer serves as a member of the Consortium's executive committee. Mr. Schermer provides the Board of Directors with insight and operational perspective on the Company's digital media strategies.

Mark B. Vittert, 63, Director since 1986

Mr. Vittert has been a private investor for more than 20 years. Over the past 40 years, Mr. Vittert has been involved as a founder, developer of, or investor in several companies involved in market research and youth marketing, publishing, sporting goods and the food and beverage industries. Mr. Vittert was a founder of Business Journals Publishing Corp., with publications in major metropolitan markets including Indianapolis, St. Louis, Pittsburgh, Philadelphia, Baltimore and Cincinnati. Since the sale of the business, he continues to be an investor in several publications. Mr. Vittert has also served on the boards of directors of several public companies, and provides the Board of Directors with insight and experience in corporate governance, risk management and the publishing industry.

Mr. Vittert is Chairman of the Nominating and Corporate Governance Committee and a member of the Executive Compensation Committee.

* * * *

The affirmative vote of the holders of a plurality of the voting power of our Common Stock, represented in person or proxy at the Annual Meeting, is required to elect directors.

Recommendation of the Board of Directors

The Board of Directors recommends a vote FOR Proposal 1 for the election of each of the nominees listed herein.

INCUMBENT DIRECTORS WITH TERMS EXPIRING IN 2013

Mary E. Junck, 64, Director since 1999

Ms. Junck was elected Chairman, President and Chief Executive Officer of the Company in 2002. She is also a director of TNI Partners, which is owned 50% by the Company. Ms. Junck is a director and vice-chairman of the board of directors of the Associated Press and a director of The Newspaper Association of America. Ms. Junck leads our senior

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executive team and provides the Board of Directors with in-depth knowledge of the Company and the publishing industry, in which she has worked in executive and senior management positions for more than 30 years. Ms. Junck provides a valuable and unique perspective in Board deliberations about the Company's business, competitive landscape, strategic relationships and opportunities, senior leadership and operational and financial performance.

Ms. Junck is Chairman of the Executive Committee.

Andrew E. Newman, 67, Director since 1991

Mr. Newman is Chairman of Hackett Security, Inc., a security systems company with operations in several states; a private investor, and a trustee of Washington University, St. Louis. Mr. Newman has been a founder, principal and/or chief executive officer of several retail and restaurant companies and a group of business publications. Mr. Newman's business, executive and financial experience provide the Board of Directors with strong oversight of its financial and disclosure responsibilities, procedures and controls, and qualify him to serve as Chairman of our Audit Committee and as its designated financial expert.

Mr. Newman is Chairman of the Audit Committee and a member of the Executive Compensation Committee.

Gordon D. Prichett, 70, Director since 1998

Dr. Prichett is Professor of Mathematics, Finance and Computer Applications at Babson College, Babson Park, MA. From 1987 to 1992, Dr. Prichett served as Vice President and Dean of Faculty of the school and from 1994 until 2006 as Chairman of the Division of Mathematics, Sciences and Information Systems. He is a founder and investment committee member of Cairnwood Cooperative, Boston, MA, a private investment group. Dr. Prichett is also chairman of the Board of Trustees of the Pan-Mass Challenge, the largest single athletic fundraising event in the world. Dr. Prichett brings to the Board of Directors strong financial and analytical skills, as well as experience in organizational leadership, risk management and strategy development.

Dr. Prichett is a member of the Audit Committee and the Executive Committee.

INCUMBENT DIRECTORS WITH TERMS EXPIRING IN 2014

Richard R. Cole, 69, Director since 2006

Dr. Cole is the John Thomas Kerr Jr. Distinguished Professor at the School of Journalism and Mass Communication, University of North Carolina at Chapel Hill. From 1979 to 2005, Dr. Cole served as dean of the school and brings to the Board of Directors over 40 years experience in the profession of journalism and journalism-mass communication education.

Dr. Cole is a member of the Nominating and Corporate Governance Committee.

Nancy S. Donovan, 60, Director since 2003

Ms. Donovan is a founding partner of Circle Financial Group, LLC, New York, NY, a wealth advisory and private equity firm, and the founding partner of Oakmont Partners, LLC, Lake Forest, IL, a private equity firm. From 1989 to 2001, Ms. Donovan was President and Chief Operating Officer of Morgan Stanley Credit Corporation, Riverwoods, IL. Prior to 1989, Ms. Donovan was instrumental in the development of the Discover Card, and led all marketing and merchant sales. Ms. Donovan provides the Board of Directors with experience in corporate finance, capital markets, risk analysis and strategic investment.

Ms. Donovan is a member of the Audit Committee.

Leonard J. Elmore, 59, Director since 2008

Mr. Elmore is an attorney. Mr. Elmore has been the Chief Executive Officer of iHoops, the official youth basketball initiative of the NCAA and the NBA, since May 2010 and served as a board member of iHoops from its inception in April 2009. Prior to joining iHoops, Mr. Elmore was a partner with the law firm of Dreier LLP from September 2008 until December 2008, and senior counsel with the law firm of Dewey & LeBoeuf from 2004 to 2008. Mr. Elmore is also a basketball analyst for ESPN and CBS Sports. Mr. Elmore serves as a trustee of the University of Maryland, and a

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commissioner on the John S. and James L. Knight Foundation's Knight Commission on Intercollegiate Athletics. Mr. Elmore also serves as a member of the board of directors and chairman of the nominating and corporate governance committee of 1-800-FLOWERS.COM, Inc. Mr. Elmore brings to the Board of Directors his skills and experience in diverse roles as a lawyer, broadcaster and executive and in public sector board service.

Mr. Elmore is a member of the Audit Committee.

Herbert W. Moloney III, 60, Director since 2001

From December 2006 through July 2011, Mr. Moloney was President and Chief Operating Officer of Western Colorprint, Inc. ("Western Colorprint"), a privately-held company that provides advertising supplements and commercial printing services to the publishing industry. From April 2005 to November 2006, Mr. Moloney was President and Publisher of the Washington Examiner. From 2000 to March 2005 Mr. Moloney was the Chief Operating Officer, North America, and an Executive Vice President of Vertis, Inc., a premium provider of targeted advertising and marketing solutions to leading retail and consumer services companies. Mr. Moloney provides the Board of Directors over 30 years of executive and management experience in the publishing and television industries.

Mr. Moloney is a member of the Audit Committee and the Executive Compensation Committee.

PROPOSAL 2 - RATIFICATION OF SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee ("Audit Committee") has selected KPMG LLP ("KPMG") to serve as the independent registered public accounting firm to audit our financial statements for 2012. KPMG also served as our independent registered public accounting firm in 2011. Our Amended and Restated By-laws ("By-laws") do not require that the stockholders ratify the appointment of KPMG as our independent registered public accounting firm. The Board of Directors is requesting the stockholders to ratify this appointment as a means of soliciting stockholders' opinions and as a matter of good corporate practice.

Representatives of KPMG are expected to be present at the Annual Meeting. The KPMG representatives will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions from stockholders.

The affirmative vote of a majority of the voting power of all of our Common Stock present in person or by proxy, voting as a single class, a quorum being present, will be required to ratify the selection of KPMG. If the stockholders do not ratify the appointment, the Audit Committee will consider any information submitted by the stockholders in determining whether to retain KPMG as our independent registered public accounting firm for 2012. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that a change would be in the best interests of the Company and its stockholders.

Recommendation of the Board of Directors

The Board of Directors recommends that stockholders vote FOR Proposal 2 to ratify the appointment of KPMG LLP as the Company's Independent Registered Public Accounting Firm.

PROPOSAL 3 - TO GRANT THE BOARD OF DIRECTORS THE DISCRETIONARY AUTHORITY TO EFFECT A REVERSE STOCK SPLIT

We are seeking stockholder approval to grant the Board of Directors discretionary authority to amend our Amended and Restated Certificate of Incorporation, as of January 30, 2012 (“Restated Certificate of Incorporation”) to effect a reverse stock split of the issued and outstanding shares of our Common Stock, par value \$0.01 per share, such split to combine a whole number of outstanding shares of our Common Stock in a range of not less than two and not more than five shares, into one share of Common Stock, at any time prior to June 30, 2012.

Our Board of Directors unanimously approved, and recommended seeking stockholder approval of this proposal, on November 17, 2011.

Even if the stockholders approve the reverse stock split, we reserve the right not to effect the reverse stock split if the

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Board of Directors does not deem it to be in the best interests of our stockholders. The Board of Directors believes that granting this discretion provides the Board with maximum flexibility to act in the best interests of our stockholders. If this proposal is approved by the stockholders, the Board of Directors will have the authority, in its sole discretion, without any further action necessary by the stockholders, to effect a reverse stock split.

The Board's decision as to whether and when to effect the reverse stock split will be based on a number of factors, including prevailing market conditions, existing and expected trading prices for our Common Stock, actual or forecasted results of operations and the likely effect of such results on the market price of our Common Stock.

In 1998, the Board of Directors adopted a Stockholder Rights Plan ("Plan"). Under the Plan, the Board of Directors 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.

In 2008, the Board of Directors approved an amendment to the Plan. The amendment increased the beneficial ownership threshold to 25% from 20% for stockholders purchasing Common Stock for passive investment only and decreased the threshold to 15% for all other investors. In addition, the amendment extended the expiration date of the Plan to May 31, 2018 from May 31, 2008.

Rights become exercisable only in the event that any person or group of affiliated persons other than a passive investor becomes a holder of 15% or more of the Company's outstanding Common Stock, or commences a tender or exchange offer which, if consummated, would result in that person or group of affiliated persons owning at least 15% of the Company's outstanding Common Stock. 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 15% 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.

The total number of shares of all classes of our stock which we have authority to issue is 150,500,000, consisting of 500,000 shares of Serial Convertible Preferred Stock, without par value, 120,000,000 shares of Common Stock and 30,000,000 shares of Class B Common Stock. The aggregate number of issued and outstanding shares of Common Stock at the close of business on December 30, 2011 was 44,957,601. We do not have any shares of Class B Common Stock or Serial Convertible Preferred Stock outstanding.

In addition, the stockholders have previously authorized us to reserve for issuance (i) 1,400,000 shares of Common Stock under the Amended and Restated 1977 Employee Stock Purchase Plan ("ESPP") (of which 270,104 shares remain unissued); (ii) 135,000 shares of Common Stock under the 2005 Supplemental Employee Stock Purchase Plan, amended November 16, 2005 ("SPP") (of which 8,717 shares remain unissued); (iii) 6,250,000 shares of Common Stock under the Long-Term Incentive Plan ("LTIP") (of which 3,272,625 shares remain unissued); and (iv) 450,000 shares of Common Stock under the Non-Employee Directors Stock Plan (of which 182,455 shares remain unissued). The Company has an unused balance of Common Stock of 71,308,498 shares as of December 30, 2011, which will be reduced to 64,564,858 shares January 30, 2012 upon consummation of our refinancing.

Following a reverse stock split, the number of outstanding shares of Common Stock will be significantly reduced. A reverse stock split will also affect our outstanding stock options issued under the LTIP, as well as shares of Common Stock issued under the ESPP, SPP and Non-Employee Directors Stock Plan. Under these plans, the number of shares of Common Stock deliverable upon exercise or grant must be appropriately adjusted and appropriate adjustments must

be made to the purchase price per share to reflect the reverse stock split.

An amendment to our Restated Certificate of Incorporation to effect a reverse stock split would not change the number of authorized shares of Common Stock, Class B Common Stock or Serial Convertible Preferred Stock, the par value of Common Stock and Class B Common Stock or the relative voting power of our stockholders. Accordingly, the number of authorized, but unissued shares will materially increase and will be available for reissuance by the Company. Also, a reverse stock split, if effected, would affect all of our holders of Common Stock uniformly.

The reverse stock split is not being proposed in response to any effort of which we are aware to accumulate our shares of Common Stock or obtain control of the Company, nor is it part of a plan by management to recommend a series of

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similar actions to our Board of Directors or our stockholders.

There are certain risks associated with a reverse stock split, and we cannot accurately predict or assure that the reverse stock split will produce or maintain the desired results (for more information on the risks see the section below entitled “Certain Risks Associated with a Reverse Stock Split”). However, our Board of Directors believes that the benefits to the Company and our stockholders outweigh the risks and recommends that you vote in favor of granting the Board the discretionary authority to effect a reverse stock split.

Reasons for the Reverse Stock Split

The primary purpose for effecting the reverse stock split, should the Board of Directors choose to effect one, would be to increase the per share price of our Common Stock. The Board of Directors believes that, should the appropriate circumstances arise, effecting the reverse stock split would, among other things, help us to:

• Improve the perception of our Common Stock as an investment security; and

• Appeal to a broader range of investors to generate greater investor interest in the Company.

Improve the Perception of Our Common Stock as an Investment Security - Our Common Stock is listed on the NYSE (LEE). As of July 1, 2011, our Common Stock traded at an average 30-day closing market price of less than \$1 per share. Our equity market capitalization is also less than the \$50,000,000 minimum requirement of the NYSE. Under the NYSE listing standards, if our Common Stock fails to maintain an adequate per share price and total market capitalization, our Common Stock could be removed from the NYSE and traded in the over-the-counter market. In a letter dated July 8, 2011 the NYSE notified the Company that it does not meet the NYSE continued listing standard due to its failure to maintain an adequate share price. Our price cure period will extend through the Annual Meeting date in order to receive shareholder approval to implement a reverse stock split, if necessary, as permitted under NYSE rules. In addition, Lee continues to operate under a planned cure period with respect to its minimum market capitalization that provides for a maximum cure date no later than February 2013, with continuing assessment by the NYSE throughout. An increase in the average closing price to \$1 per share would return Lee to compliance with all quantitative listing requirements, absent a reverse stock split.

We believe that the overall economic environment in which we and other publishing companies are currently operating has been a significant contributing factor in the decline in the price of our Common Stock. We also believe uncertainty surrounding the refinancing of our debt, which has now been resolved, was a significant contributing factor. Our Board of Directors unanimously approved the discretionary authority to effect a reverse stock split as one potential means of increasing the share price of our Common Stock to improve the perception of our Common Stock as a viable investment security. Lower-priced stocks have a perception in the investment community as being risky and speculative, which may negatively impact not only the price of our Common Stock, but also our market liquidity. As a publishing company we believe that we may be particularly sensitive to this type of negative public perception and, if this proposal is approved, our Board of Directors would have the ability to increase our per share price if it determines that it is undermining our current or future prospects.

Appeal to a Broader Range of Investors to Generate Greater Investor Interest in the Company - An increase in our stock price may make our Common Stock more attractive to investors. Brokerage firms may be reluctant to recommend lower-priced securities to their clients, particularly lower-priced securities of publishing companies. Many institutional investors have policies prohibiting them from holding lower-priced stocks in their portfolios, which reduces the number of potential purchasers of our Common Stock. Investment funds may also be reluctant to invest in lower-priced stocks. Investors may also be dissuaded from purchasing lower-priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. Moreover, the analysts at

many brokerage firms do not monitor the trading activity or otherwise provide coverage of lower-priced stocks. Giving the Board of Directors the ability to effect a reverse stock split and thereby increase the price of our Common Stock would give the Board the ability to address these issues if it is deemed necessary.

Certain Risks Associated with a Reverse Stock Split

Even if a reverse stock split is effected, some or all of the expected benefits discussed above may not be realized or maintained. The market price of our Common Stock will continue to be based, in part, on our performance and other factors unrelated to the number of shares outstanding.

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The current economic environment in which we operate, the substantial debt we carry and other risks which affect our ability to operate as a going concern, along with otherwise volatile equity market conditions, could limit our ability to raise new equity capital in the future.

Principal Effects of a Reverse Stock Split

If our stockholders approve this proposal and the Board of Directors elects to effect a reverse stock split, our issued and outstanding shares of Common Stock would decrease in accordance with the exchange ratio determined by the Board. The reverse stock split would be effected simultaneously for all of our Common Stock, and the exchange ratio would be the same for all shares of Common Stock. The reverse stock split would affect all of our stockholders uniformly and would not affect any stockholder's percentage ownership interests in the Company. The reverse stock split would not affect the relative voting or other rights that accompany the shares of our Common Stock. Common Stock issued pursuant to the reverse stock split would remain fully paid and non-assessable. The reverse stock split would not affect our securities law reporting and disclosure obligations, and we would continue to be subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have no current plans to take the Company private. Accordingly, a reverse stock split is not related to a strategy to do so.

In addition to the change in the number of shares of Common Stock outstanding, the reverse stock split would have the following effects:

Increase the Per Share Price of our Common Stock - By effectively condensing a number of pre-split shares into one share of Common Stock, the per share price of a post-split share is generally greater than the per share price of a pre-split share. The amount of the initial increase in per share price and the duration of such increase, however, is uncertain. If appropriate circumstances exist, the Board of Directors may utilize the reverse stock split as part of its plan to address the required minimum per share price of the Common Stock under the NYSE listing standards noted above.

Increase in the Number of Shares of Common Stock Available for Future Issuance - By reducing the number of shares outstanding without a corresponding reduction in the number of shares of authorized but unissued Common Stock, a reverse stock split would increase the number of authorized but unissued shares.

The following table shows the number of shares that would be (a) issued and outstanding, (b) authorized and reserved for issuance upon the exercise of outstanding stock options and (c) authorized but unreserved for issuance, upon the implementation of a reverse stock split of one-for-two or one-for-five based on our capitalization at December 30, 2011, as adjusted on a pro forma basis for the issuance, as of January 30, 2012, of 6,743,640 shares of Common Stock to holders of the Company's Second Lien Term Loan.

	Common Stock as of December 30, 2011, As Adjusted			
	Shares Issued and Outstanding	Shares Authorized and Reserved for Issuance	Shares Authorized but Unreserved	Total Authorized
Pre-split	51,701,241	3,733,901	64,564,858	120,000,000
If 1-for-2 Stock Split Enacted	25,850,621	1,866,951	92,282,428	120,000,000
If 1-for-5 Stock Split Enacted	10,340,248	746,780	108,912,972	120,000,000

Although a reverse stock split would not have any dilutive effect on our stockholders, the reverse stock split would reduce the proportion of shares owned by our stockholders relative to the number of shares authorized for issuance, giving our Board of Directors an effective increase in the authorized shares available for issuance, in its discretion. Our Board of Directors from time to time may deem it to be in the best interests of the Company and our stockholders

to enter into transactions and other ventures that may include the issuance of shares of our Common Stock. However, our Board of Directors has no current plans to use the additional authorized shares available for issuance as a result of the reverse stock split for such purposes. Many stock issuances not involving equity compensation do not require stockholder approval, and our Board of Directors generally seeks approval of our stockholders in connection with a proposed issuance only if required at that time.

Require Adjustment to Currently Outstanding Securities and Debt Obligations Exercisable or Convertible into Shares of our Common Stock - A reverse stock split would effect a reduction in the number of shares of Common Stock issuable upon the exercise or conversion of our outstanding stock options and Serial Convertible Preferred Stock in proportion

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to the reverse stock split ratio. Additionally, the exercise price of outstanding options would increase, likewise in proportion to the reverse stock split ratio.

Require Adjustment to the Number of Shares of Common Stock Available for Future Issuance Under our LTIP, ESPP, SPP and Non-Employee Director Stock Plans - In connection with any reverse split our Board of Directors would also make a corresponding reduction in the number of shares available for future issuance under the foregoing plans so as to avoid the effect of increasing the number of authorized but unissued shares available for future issuance under such plans.

In addition, a reverse stock split may result in some stockholders owning “odd lots” of less than 100 shares of Common Stock, which may be more difficult to sell and may cause those holders to incur greater brokerage commissions and other costs upon sale.

Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates

If this Proposal is approved by our stockholders, our Board of Directors, in its sole discretion, will determine whether such an action is in the best interests of the Company and our stockholders, taking into consideration the factors discussed above. If our Board of Directors believes that a reverse stock split is in our best interests and the best interest of our stockholders, our Board will then determine the ratio of the reverse stock split to be implemented.

We would then file a certificate of amendment to our Restated Certificate of Incorporation with the Secretary of the State of Delaware at such time as our Board of Directors had determined as the appropriate effective time for the reverse stock split. Upon the filing of the certificate of amendment, and without any further action on the part of the Company or our stockholders, the issued and outstanding shares of Common Stock held by stockholders of record as of the effective date of the reverse stock split would be converted into a lesser number of shares of