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, 2003

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. [X]

State the aggregate market value of voting stock held by nonaffiliates of the Registrant as of November 28, 2003. Common Stock and Class B Common Stock, $2.00 par value, $1,881,719,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 28, 2003. Common Stock, $2.00 par value, 35,833,883 shares and Class B Common Stock, $2.00 par value, 9,084,142 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Lee Enterprises, Incorporated Definitive Proxy Statement dated December 23, 2003 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 nearly 200 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.

The Company is focused on five key strategic priorities. They are to:

- Grow revenue creatively and rapidly;
- Improve readership and circulation;
- Emphasize strong local news;
- Build the Company’s online future; and
- Exercise careful cost controls.

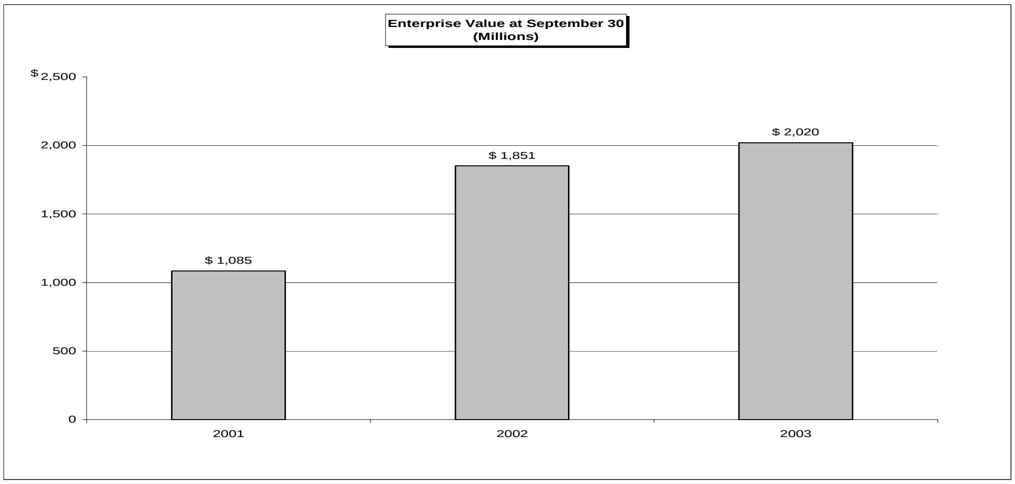
Certain aspects of these priorities are discussed below.

HOWARD AND SIOUX CITY ACQUISITIONS

In April 2002, the Company acquired ownership of 15 daily newspapers and a 50% interest in the Sioux City, Iowa daily newspaper (SCN) by purchasing Howard Publications, Inc. (Howard). This acquisition was consistent with the strategy the Company announced in 2000 to buy daily newspapers with daily circulation of 30,000 or more. 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% of SCN.

A key reason for the acquisitions is that historically, Howard and SCN generated substantially less revenue per paid unit of circulation than the Company’s existing newspapers. The expectation was that faster revenue growth could be achieved by applying the Company’s successful selling strategies and tactics to Howard and SCN.

In 2002 and 2003, the Company devoted significant attention to the successful integration of Howard and SCN into its business. The Company made significant and immediate changes to systems, payroll, benefits and other areas of operations. The Company devoted resources and training to bring the Company’s successful selling strategies and tactics to Howard and SCN. The Company believes the integration is now completed and was accomplished with minimal disruption to the business and with low turnover of key personnel.



One measure of the success of the Company's strategy to grow the business is its enterprise value, which is defined as the market value of equity of the business, plus debt outstanding, less cash assets. The chart above depicts the Company's enterprise value, which has nearly doubled, to more than $2 billion in the last two years.

MADISON NEWSPAPERS

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. In 2003, MNI adopted the trade name Capital Newspapers.

ADVERTISING

More than 70% 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 daily circulation of 30,000 or more, 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. A 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 regional circulation, magazines, radio, television, other advertising media such as billboards, other classified and specialty publications, direct mail, yellow pages directories, 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 the Company's markets, the principal ones of which are listed in a 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 periodic advertising publications available in racks or delivered free, by carriers or third-class mail, to all, or selected, households in a particular geographic area. Classified publications offer advertisers a cost-effective local advertising 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.

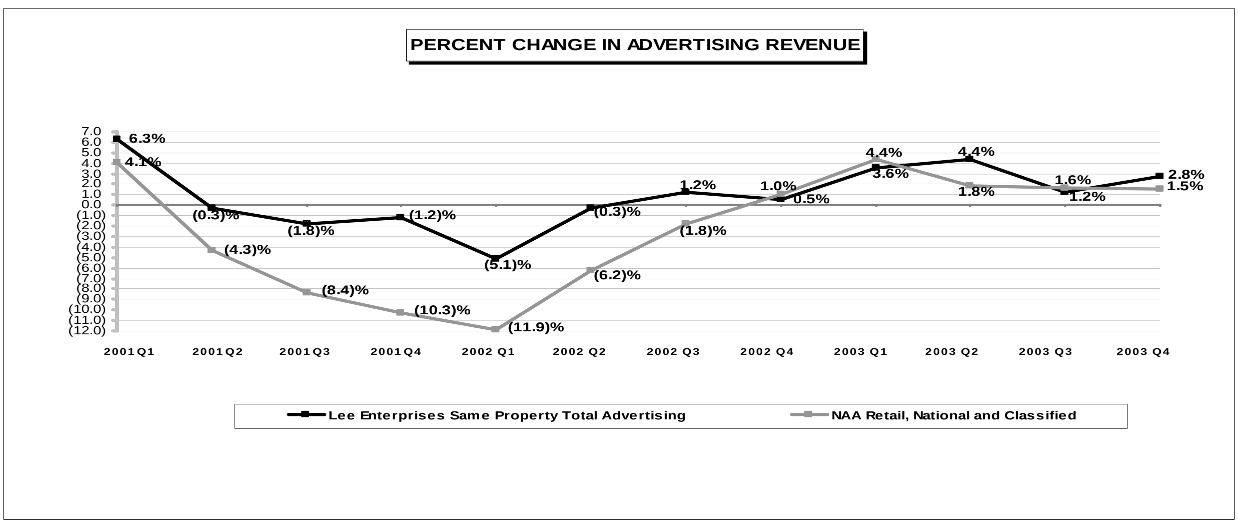
National advertising is revenue earned from display advertising space, or for preprinted advertising inserted in the publication, to national accounts, if there is no local retailer representing the account in the market.

Classified advertising, which includes automotive, real estate for sale or rent, employment and other categories, is revenue earned from sales of advertising space in the classified section of the publication or from publications consisting primarily of such advertising.

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

Online advertising consists of display, banner, classified or other advertising on websites supporting the Company's print publications.

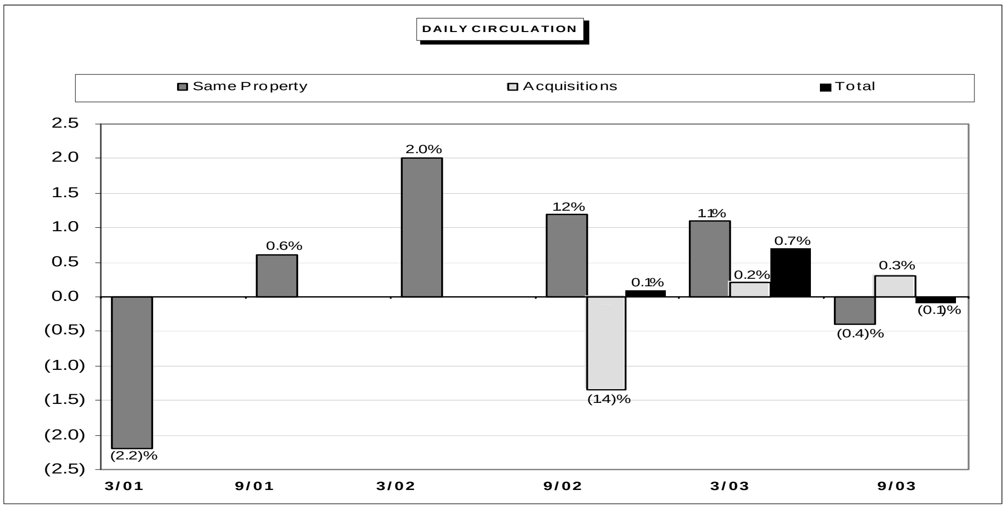
The Company's many geographic markets have significant differences in their advertising rate structures, some of which are highly complex. A single operation often has scores of rate alternatives.



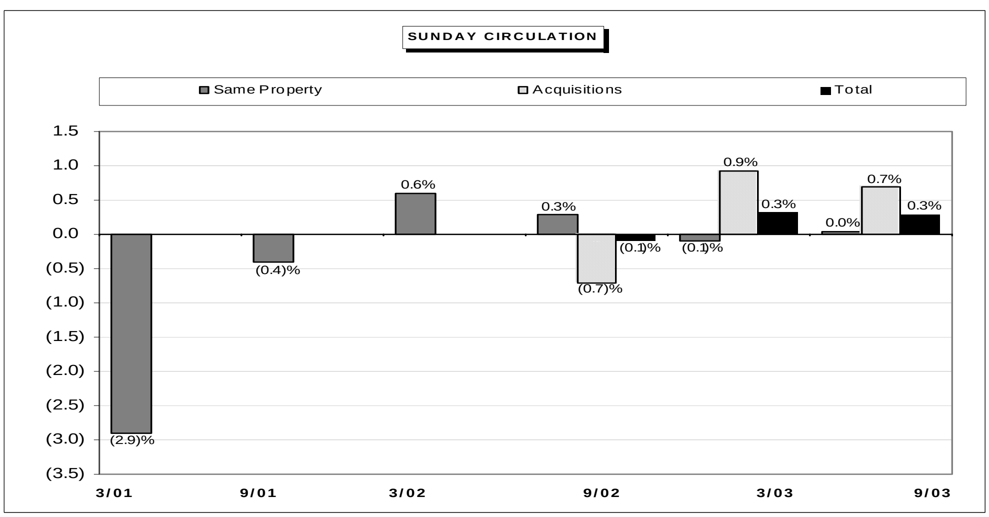
Late in 2000, the newspaper industry began to experience declining advertising revenue demand for the first time in several years. The chart above compares newspaper advertising spending, as measured by the Newspaper Association of America and the Company's same property advertising revenue for the last three fiscal years. The advertising environment has continued to be adversely impacted by the state of the overall economy, including higher unemployment rates. 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 but may not experience increases in such spending as significant as those in major metropolitan markets when the economy improves.

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 2003, daily circulation of newspapers owned in both 2003 and 2002, which includes Howard and MNI, as measured by the Audit Bureau of Circulations (ABC), decreased 0.1% and Sunday circulation increased 0.3%. 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, features, 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. All enterprises are focused on increasing the number of subscribers who pay for their subscriptions via automated payment mechanisms, such as credit cards or checking account withdrawals. Customers using these payments methods have historically higher retention. Other initiatives vary from property to property and are determined principally by the publishers at the local level in collaboration with senior management of the Company.



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.



Changes in telemarketing regulations effective in October 2003 may impact the Company's ability to obtain new subscribers using this channel. Other methods to attract and retain subscribers have been, and remain in use. However, telemarketing has historically been the largest single source of new subscribers.

The Company and MNI publish the following daily newspapers:

			Paid Circulation[1]	
Newspaper	City	State	Daily	Sunday
North County Times [5]	Oceanside and Escondido	California	92,212	95,183
Madison Newspapers [4]				
Wisconsin State Journal	Madison	Wisconsin	89,084	152,899 [3]
The Capital Times	Madison	Wisconsin	19,608	- [3]
Daily Citizen	Beaver Dam	Wisconsin	10,078	-
Portage Daily Register	Portage	Wisconsin	5,022	-
Baraboo News Republic	Baraboo	Wisconsin	4,090	-
The Times [5]	Munster	Indiana	86,835	94,696
Lincoln Group				
Lincoln Journal Star	Lincoln	Nebraska	74,795	83,984
Columbus Telegram	Columbus	Nebraska	9,347	10,251
Fremont Tribune	Fremont	Nebraska	8,176	-
Beatrice Daily Sun	Beatrice	Nebraska	7,998	-
Quad-Cities Group				
Quad-City Times	Davenport	Iowa	51,876	71,539
Muscatine Journal	Muscatine	Iowa	8,105	-
Billings Gazette	Billings	Montana	46,980	52,164
Waterloo-Cedar Falls Courier [5]	Waterloo	Iowa	44,005	51,497
Sioux City Journal [5]	Sioux City	Iowa	42,613	42,902
Central Illinois News*paper* Group				
Herald & Review	Decatur	Illinois	34,325	42,344
Journal Gazette [5]	Mattoon	Illinois	10,746	-
Times-Courier [5]	Charleston	Illinois	6,887	-
The Post-Star [5]	Glens Falls	New York	34,193	37,244
River Valley Group				
La Crosse Tribune	La Crosse	Wisconsin	31,464	41,069
Winona Daily News	Winona	Minnesota	11,628	12,920
Casper Star-Tribune [5]	Casper	Wyoming	30,745	33,264
Missoula Group				
Missoulian	Missoula	Montana	30,162	34,845
Ravalli Republic	Hamilton	Montana	4,677 [2]	-
Rapid City Journal	Rapid City	South Dakota	29,618	34,377
The Journal Times	Racine	Wisconsin	28,698	30,680
The Southern Illinoisan	Carbondale	Illinois	28,344	36,760
The Bismarck Tribune	Bismarck	North Dakota	27,548	30,950
The Times-News [5]	Twin Falls	Idaho	22,837	22,879
The Daily News [5]	Longview	Washington	22,216	21,591
Globe Gazette	Mason City	Iowa	19,071	23,118
The Times and Democrat [5]	Orangeburg	South Carolina	17,560	17,553
Mid-Valley News Group				
Democrat-Herald	Albany	Oregon	17,450	30,534 [3]
Corvallis Gazette-Times	Corvallis	Oregon	11,706	- [3]
The Sentinel [5]	Carlisle	Pennsylvania	14,516	14,863
The Montana Standard	Butte	Montana	14,436	15,031
Independent Record	Helena	Montana	14,046	14,525
The Journal-Standard [5]	Freeport	Illinois	13,566	14,014
The Leader [5]	Corning	New York	13,436	13,318
The Citizen [5]	Auburn	New York	13,116	14,778
The Ledger Independent [5]	Maysville	Kentucky	8,480 [2]	-
The Chippewa Herald	Chippewa Falls	Wisconsin	6,702	6,800
Shawano Leader [4]	Shawano	Wisconsin	6,072	6,496
			1,125,069	1,205,068

(1) Source: ABC: Six months ended September 2003, unless otherwise noted.
(2) Source: Company statistics.
(3) Combined edition.
(4) Owned by MNI, which is 50% owned by the Company.
(5) Acquired in 2002.

ONLINE ADVERTISING AND 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 (Townnews.com) which provides web infrastructure for more than 800 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, integrate online editorial content and provide transactional and promotional opportunities.

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

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	Lynnwood	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. Commercial printing business is highly competitive and generally has lower operating margins than newspapers.

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 foreign and domestic production capacity and consumption. Between September 2002 and September 2003, the RISI 30 pound newsprint price index rose 8.7%. Price fluctuations can have a significant effect on the results of operations. For additional information regarding supply of newsprint, see “Contractual Obligations” under Item 7, included herein. 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 28, 2003:

Name	Age	Service With The Company	Named To Present Office	Present Office
Mary E. Junck	56	June 1999	January 2002	Chairman, President and Chief Executive Officer
Nancy L. Green	61	December 2000	September 2002	Vice President – Circulation
Michael R. Gulledge	43	October 1982	February 2002	Group Publisher
Daniel K. Hayes	58	September 1969	April 1998	Director of Communications
James W. Hopson	57	July 2000	July 2000	Vice President – Publishing
Brian E. Kardell	40	January 1991	August 2003	Vice President – Production and Chief Information Officer
Vytenis P. Kuraitis	55	August 1994	January 1997	Vice President – Human Resources
Linda Ritchie Lindus	55	April 2000	February 2002	Group Publisher
Kevin E. Mowbray	41	September 1986	July 2002	Vice President – Sales & Marketing
Michael E. Phelps	57	February 2000	June 2002	Vice President – Publishing
Gregory P. Schermer	49	February 1989	November 1997	Vice President – Interactive Media and Corporate Counsel
Carl G. Schmidt	47	May 2001	May 2001	Vice President, Chief Financial Officer and Treasurer
David B. Stoeffler	44	June 1981	December 2001	Vice President – News
John VanStrydonck	50	March 1981	June 2000	Vice President – Publishing
Greg R. Veon	51	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 is also President of MNI. 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 – Production and Chief Information Officer in August 2003. From 2001 to August 2003, he served as Vice President – Information Systems and Chief Information Officer. 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 to 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. From 2000 to July 2002 he was Publisher of *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, he was Editor of the *Lincoln Journal Star*.

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.*

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, 2003, the Company had approximately 6,700 employees, including approximately 1,500 part-time employees, exclusive of MNI. The Company considers its relationship with its employees to be good.

Approximately 110 employees in three locations are members of collective bargaining units.

CORPORATE GOVERNANCE AND PUBLIC INFORMATION

The Company has a long, substantial history with regard to sound corporate governance practices. The Board of Directors has a lead independent director, and has had one for many years. Currently, seven of nine members of the Board of Directors are independent, as are all positions on the Board's Audit, Executive Compensation and Nominating and Corporate Governance committees. The Audit Committee approves all services to be provided by the Company's audit firm.

In addition, information with regard to the Company's revenue, including same property results, is reported to the public on a monthly basis, as is certain other statistical information, improving the timeliness of reporting of information to investors. The Company was also among the first in the nation to voluntarily record expense related to employee stock options.

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. The Company makes available via its website all filings made by the Company under the Securities Exchange Act of 1934, including Forms 10-K, 10-Q and 8-K, and amendments thereto as soon as reasonably practicable after such filing with the Securities and Exchange Commission.

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, but has been extended until the premises are vacated in 2004. Comparable space has been leased.

All of the Company's printing facilities (except Madison, Wisconsin, which is owned by MNI, a leased plant in Spokane, Washington and leased land for the Helena, Montana plant) 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 and MNI's almost 200 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

The Company is involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While the Company is unable to predict the ultimate outcome of these legal actions, it is the opinion of management that the disposition of these matters will not have a material adverse effect on the Company's Consolidated Financial Statements, taken as a whole.

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 STOCKHOLDER 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				
2003				
High	$ 34.70	$ 34.50	$ 38.55	$ 40.68
Low	29.75	30.35	31.35	36.40
Closing	33.52	31.52	37.53	38.67
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
DIVIDENDS				
2003	$ 0.17	$ 0.17	$ 0.17	$ 0.17
2002	0.17	0.17	0.17	0.17
2001	0.17	0.17	0.17	0.17

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, 2003, the Company had 2,649 holders of Common Stock and 1,765 holders of Class B Common Stock.

On November 12, 2003, the Board of Directors declared a dividend in the amount of $0.18 per share on the issued and outstanding Common Stock and Class B Common Stock of the Company, be paid on January 2, 2004, to stockholders of record on December 1, 2003.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended September 30				
(Thousands, Except Per Common Share Data)	2003	2002 (2) (5)	2001 (3) (4) (5)	2000 (4) (5)	1999 (4) (5)
OPERATING RESULTS					
Operating revenue	$ 656,741	$ 523,656	$ 426,966	$ 416,089	$ 400,709
Operating cash flow (1)	176,550	145,021	107,979	119,965	113,847
Depreciation and amortization	46,616	35,050	31,357	28,571	26,990
Operating income, before equity in net income of associated companies	129,934	109,971	76,622	91,394	86,857
Equity in net income of associated companies	8,053	9,057	7,651	9,377	9,238
Operating income	137,987	119,028	84,273	100,771	96,095
Financial income	1,120	6,007	28,548	3,259	1,920
Financial expense	(16,535)	(15,777)	(11,963)	(12,643)	(12,863)
Income from continuing operations	78,061	78,884	58,071	68,489	55,696
Discontinued operations	(20)	946	254,399	13,546	10,904
Net income	$ 78,041	$ 79,830	$ 312,470	$ 82,035	$ 66,600
EARNINGS PER COMMON SHARE					
Basic:					
Continuing operations	$ 1.76	$ 1.79	$ 1.33	$ 1.56	$ 1.26
Discontinued operations	-	0.02	5.81	0.31	0.25
Net income	$ 1.76	$ 1.81	$ 7.14	$ 1.86	$ 1.50
Diluted:					
Continuing operations	$ 1.75	$ 1.78	$ 1.32	$ 1.54	$ 1.24
Discontinued operations	-	0.02	5.77	0.31	0.24
Net income	$ 1.75	$ 1.80	$ 7.09	$ 1.85	$ 1.48
Weighted average common shares:					
Basic	44,316	44,087	43,784	44,005	44,273
Diluted	44,513	44,351	44,089	44,360	44,861
Dividends per common share	$ 0.68	$ 0.68	$ 0.68	$ 0.64	$ 0.60
BALANCE SHEET INFORMATION (end of year)					
Total assets	$ 1,421,377	$ 1,463,830	$1,000,397	$ 762,236	$ 679,513
Debt, including current maturities	305,200	409,300	173,400	214,173	192,000
Stockholders' equity	802,156	742,774	683,193	396,242	355,076

(1) Operating cash flow (OCF) is not a financial performance measurement under accounting principles generally accepted in the United States of America (GAAP), and should not be considered in isolation or as a substitute for GAAP performance measurements. OCF is also not reflected in the Consolidated Statements of Cash Flows, but is a common and meaningful alternative performance measurement. See "Non-GAAP Financial Measures" under Item 7, included herein.
(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.
(4) Effective in 2002, the Company adopted FASB Statement 142. See Note 1 to the Consolidated Financial Statements.
(5) Effective in 2003, the Company adopted the fair value provisions of accounting for stock-based compensation, and all prior periods have been restated. See Note 9 to the Consolidated Financial Statements.

	Year Ended September 30				
	2003	2002	2001	2000	1999
OTHER INFORMATION					
Operating cash flow as a percent of revenue	26.9%	27.7%	25.3%	28.8%	28.4%
Operating income as a percent of revenue	21.0	22.7	19.7	24.2	24.0
Income from continuing operations as a percent of revenue	11.9	15.1	13.6	16.5	13.9
Dividends as a percent of income from continuing operations	38.8	38.1	51.3	41.3	47.8

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 2003. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto.

NON-GAAP FINANCIAL MEASURES

Operating Cash Flow

Operating cash flow, which is defined as operating income before depreciation, amortization, and equity in net income of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures that are used in the analyses below. A reconciliation of operating cash flow to operating income, the most directly comparable measure under accounting principles generally accepted in the United State of America (GAAP), is included in tables under the captions "Operating Expenses and Results of Operations". The Company believes that operating cash flow and the related margin percentage are useful measures of evaluating its financial performance because of their focus on the Company's results from operations before depreciation and amortization. The Company also believes that these measures are several of the alternative financial measures of performance used by investors, lenders, rating agencies and financial analysts to estimate the value of a company and evaluate its ability to meet debt service requirements.

Same Property Comparisons

Certain information below, as noted, is presented on a same property basis, which is exclusive of acquisitions and divestitures consummated in the current or prior year. The Company believes such comparisons provide meaningful information for an understanding of changes in its revenue and operating expenses. Same property comparisons exclude Madison Newspapers, Inc. (MNI). Lee owns 50% of the capital stock of MNI, which for financial reporting purposes is reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

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 GAAP. 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 intangible 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. Additional information follows with regard to certain of the most critical of the Company's accounting policies.

Goodwill and Intangible Asset Impairment

In assessing the recoverability of the Company's goodwill and other intangible assets, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. The Company adopted Financial Accounting Standards Board Statement 142, *Goodwill and Other Intangible Assets*, in 2002 and analyzes its goodwill and indefinite life intangible assets for impairment on an annual basis or more frequently if impairment indicators are present. See Note 5 to the Company's Consolidated Financial Statements for a more detailed explanation of the Company's intangible assets.

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.

The Company files income tax returns with various state tax jurisdictions and the Internal Revenue Service. From time to time the Company is audited by those agencies, and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies and does not anticipate any material adverse impact on its earnings as a result of such audits.

Revenue Recognition

Advertising revenues are recorded when advertisements are placed in the publication and circulation revenues are recorded as newspapers are delivered over the subscription term. Other revenue is recognized when the related product or service has been delivered. Unearned revenue arises in the ordinary course of business from advance subscription payments for newspapers.

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)	2003	2002	2001	2003 vs 2002	2002 vs 2001
Operating revenue	$656,741	$523,656	$426,966	25.4%	22.6%
Operating cash flow	176,550	145,021	107,979	21.7	34.3
Operating income	137,987	119,028	84,273	15.9	41.2
Non-operating (income) expense, net	16,464	10,778	(6,418)	52.8	NM
Income from continuing operations	78,061	78,884	58,071	(1.0)	35.8
Earnings per common share:					
Basic	$ 1.76	$ 1.79	$ 1.33	(1.7)%	34.6%
Diluted	1.75	1.78	1.32	(1.7)	34.8

2003 vs. 2002

Operating Revenue

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

	Year Ended September 30		Percent Change	
(Thousands)	2003	2002	Total	Same Property
Advertising revenue:				
Retail	$ 272,381	$ 214,171	27.2%	2.0%
National	15,634	12,335	26.7	(1.6)
Classified:				
Daily newspapers:				
Employment	38,719	30,856	25.5	(5.1)
Automotive	40,861	29,324	39.3	0.6
Real estate	31,623	21,624	46.2	9.7
All other	29,445	24,518	20.1	(2.0)
Other publications	28,696	28,174	1.9	2.8
Total classified	169,344	134,496	25.9	1.0
Niche publications	15,246	11,161	36.6	28.6
Online	8,383	4,982	68.3	29.9
Total advertising revenue	480,988	377,145	27.5	3.0
Circulation	133,148	105,711	26.0	(0.2)
Commercial printing	18,947	20,327	(6.8)	(9.0)
Online services and other	23,658	20,473	15.6	7.1
Total operating revenue	$ 656,741	$ 523,656	25.4%	2.0%

All categories of revenue were substantially impacted by the acquisitions of Howard Publications (Howard), which the Company purchased in April 2002, and the remaining 50% of Sioux City Newspapers (SCN) in July 2002. In total, acquisitions accounted for $242,803,000 of revenue in 2003 and $113,579,000 of revenue in 2002. Businesses sold in 2002, but still included in continuing operations did not impact 2003 but accounted for $4,060,000 of revenue in the prior year.

Sundays generate substantially more advertising and circulation revenue than any other day of the week. The year ended September 30, 2003 had the same number of Sundays as 2002.

Advertising Revenue

In 2003, total same property advertising revenue increased $8,511,000, or 3.0%. Same property retail revenue in the Company's markets was not as adversely impacted by the economy as major metropolitan markets, and increased $3,273,000, or 2.0%, in 2003. Increased emphasis on rate discipline and new accounts helped offset declines in advertising volume. Same property average retail rates, excluding preprint insertions, increased 4.2% in 2003. Rate discipline means adhering to standard rates rather than negotiating specific rates for individual customer situations.

Same property classified advertising revenue increased approximately $1,033,000, or 1.0%, in 2003. Higher margin employment advertising at the daily newspapers decreased 5.1% for the year. The Company's declines in employment classified advertising compare favorably to national survey amounts. The September 2003 Help Wanted Index, as calculated by the Conference Board, declined 14% from the prior year level. Same property average automotive advertising increased by 0.6% due to promotional financing. Same property real estate advertising increased 9.7% due to lower mortgage interest rates and increases in advertising of real estate for rent from growth in home ownership. Other daily newspaper classified advertising decreased 2.0%. Same property classified advertising rates declined 0.5%, primarily due to declines in employment advertising.

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

	Year Ended September 30		
(Thousands of Inches)	2003	2002	Percent Change
Retail	6,028	6,084	(0.9)%
National	297	337	(11.9)
Classified	5,805	5,770	0.6
	12,130	12,191	(0.5)%

Advertising in niche publications, a strategic focus for the Company, increased 28.6% on a same property basis, due to new publications in existing markets and penetration of new and existing markets. Online advertising increased 29.9% on a same property basis, due to expanded use of the Company's online business model and cross-selling with the Company's print publications.

Circulation and Other Revenue

Same property circulation revenue decreased $153,000, or 0.2%, in 2003. The Company's total average daily newspaper circulation units, including MNI, as measured by the Audit Bureau of Circulations, decreased 0.1% and Sunday circulation increased 0.3% for the six months ended September 2003. For the six months ended March 2003, total average daily circulation units, including MNI, increased 0.7% and Sunday circulation increased 0.3% compared to the same period in the prior year. The Company is focused on growing circulation units and revenue through a number of initiatives. Changes in telemarketing regulations in effect in 2004 may impact the Company's ability to solicit new subscribers, and the cost of such solicitation, in the future.

Same property commercial printing revenue declined $1,757,000, or 9.0%, in 2003 due, in part, to economic conditions and the loss of certain key customers. Same property online services and other revenue increased $1,321,000, or 7.1%, in 2003.

Operating Expenses and Results of Operations

The following table sets forth the Company's operating expenses and overall results as reported in the Consolidated Financial Statements:

	Year Ended September 30		Percent Change	
(Thousands)	2003	2002	Total	Same Property
Compensation	$ 272,311	$ 209,263	30.1%	5.7%
Newsprint and ink	57,773	43,727	32.1	(2.2)
Other operating expenses	150,107	125,645	19.5	(0.6)
	480,191	378,635	26.8	2.6
Operating cash flow	176,550	145,021	21.7	0.7
Depreciation and amortization	46,616	35,050	33.0	(7.1)
Operating income, before equity in net income of associated companies	129,934	109,971	18.2	2.1
Equity in net income of associated companies	8,053	9,057	(11.1)	NA
Operating income	137,987	119,028	15.9	NA
Non-operating income (expense), net	(16,464)	(10,778)	52.8	NA
Income from continuing operations before income taxes	121,523	108,250	12.3	NA
Income tax expense	43,462	29,366	48.0	NA
Income from continuing operations	$ 78,061	$ 78,884	(1.0)%	NA

Costs other than depreciation and amortization increased $101,556,000, or 26.8%, in 2003. All categories of expenses were impacted by the acquisitions of Howard, which the Company purchased in April 2002, and the remaining 50% of SCN in July 2002. In total, acquisitions accounted for $175,516,000 of operating costs, excluding depreciation and amortization, in 2003 and $79,833,000 in the prior year. Businesses sold did not impact operating expenses in 2003, but accounted for $3,362,000 of operating expenses other than depreciation and amortization in the prior year.

Compensation expense increased $63,048,000, or 30.1%, in 2003 due to costs of acquired businesses and a 5.7% increase in same property compensation expense. Higher medical expenses, normal salary adjustments, higher incentive compensation from increasing revenue, and one-time and permanent cost reductions in benefit programs in 2002 contributed to the increase in same property costs. Exclusive of the prior year changes in benefit programs, same property compensation expense increased 2.9% in 2003. Same property full time equivalent employees declined 1.1% in 2003 from the prior year level, offsetting other compensation cost increases. Several of the factors noted above are expected to contribute to an increase of 4.5 – 5.5% in compensation expense in 2004.

Newsprint and ink costs increased $14,046,000, or 32.1%, in 2003 as volume increases related to acquired businesses more than offset overall lower prices and same property volume declines. Newsprint unit costs rose throughout 2003 and may negatively impact 2004 results. Other operating costs, exclusive of depreciation and amortization, increased $24,462,000, or 19.5%, in 2003 as costs of acquired businesses more than offset 0.6% cost savings on a same property basis. The increase in depreciation and amortization expense in 2003 is primarily due to the acquisitions of Howard and SCN.

Operating cash flow improved 21.7% to $176,550,000 in 2003 from $145,021,000 in 2002. Operating cash flow margin declined to 26.9% from 27.7% in the prior year reflecting a full year of results of acquired businesses with lower margins in the current year compared to six months in the prior year. Equity in net income in associated companies declined during 2003 due primarily to the inclusion of SCN in consolidated results in the current year. In the prior year, SCN was accounted for as an equity investment from April through June, prior to the acquisition of the remaining 50% in July 2002. Operating income margin decreased to 21.0% in 2003 from 22.7% for the same reasons, but was further impacted by a higher level of amortization from acquisitions.

Non-operating Income and Expense

Financial income decreased $4,887,000 to $1,120,000 in 2003. 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 2001. Reinvestment rates have also declined from the prior year. Financial expense increased to $16,535,000 due to increased debt from the acquisitions of Howard and SCN, offset by lower interest rates and subsequent debt reduction from operating cash flow.

Overall Results

Income taxes were 35.8% and 27.1% of pretax income from continuing operations in 2003 and 2002, respectively. The favorable resolution of tax issues reduced income tax expense by approximately $10,100,000 in 2002. The effective rate would have been 36.5% in 2002 without this event.

As a result of all of the above, income from continuing operations totaled $78,061,000 in 2003, compared to $78,884,000 in 2002. Earnings per diluted common share decreased to $1.75 in 2003 from $1.78 in 2002. The adoption of FASB Statements 123 and 148, which relate to accounting for stock-based compensation, reduced 2002 reported results from $1.83 to $1.78 per share. The favorable resolution of tax issues increased 2002 results by $0.23 per share.

2002 vs. 2001

Operating Revenue

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

	Year Ended September 30		Percent Change	
(Thousands)	2002	2001	Total	Same Property
Advertising revenue:				
Retail	$ 214,171	$ 168,203	27.3%	0.8%
National	12,335	10,330	19.4	(5.6)
Classified:				
Daily newspapers:				
Employment	30,856	28,134	9.7	(20.1)
Automotive	29,324	20,939	40.0	1.0
Real estate	21,624	15,967	35.4	2.0
All other	24,518	13,156	86.4	2.2
Other publications	28,174	28,885	(2.5)	2.7
Total classified	134,496	107,081	25.6	(4.0)
Niche publications	11,161	11,304	(1.3)	(1.5)
Online	4,982	3,891	28.0	18.9
Total advertising revenue	377,145	300,809	25.4	(1.0)
Circulation	105,711	81,441	29.8	(0.6)
Commercial printing	20,327	25,233	(19.4)	(12.5)
Online services and other	20,473	19,483	5.1	(6.5)
Total operating revenue	$ 523,656	$ 426,966	22.6%	(1.8)%

All categories of revenue were substantially impacted by the acquisitions of Howard, which the Company purchased in April 2002, and the remaining 50% of SCN in July 2002. In total, acquisitions accounted for $113,579,000 of revenue in 2002. Businesses sold in 2002, but still included in continuing operations, accounted for $4,060,000 of revenue in 2002 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.

Advertising Revenue

In 2002, total same property advertising revenue decreased $2,934,000, or 1.0%. Same property retail revenue in the Company's markets was not as adversely impacted by the slowing economy as major metropolitan markets, and increased $1,211,000, or 0.8%, in 2002. Increased emphasis on rate discipline and new accounts helped offset declines in advertising volume. Same property retail rates, excluding preprint insertions, increased 2.8% in 2002.

Same property classified advertising revenue decreased approximately $4,148,000, or 4.0%, in 2002. Higher margin employment advertising at the daily newspapers accounted for more than 100% of the decrease and declined 20.1% for the year. Same property automotive advertising increased by 1.0% due to promotional financing, real estate advertising increased 2.0% due to lower mortgage interest rates, and other daily newspaper classified advertising increased 2.2%. Same property classified advertising rates declined 7.9%, primarily due to declines in employment advertising.

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

	Year Ended September 30		
(Thousands of Inches)	2002	2001	Percent Change
Retail	6,084	6,245	(2.6)%
National	337	368	(8.4)
Classified	5,770	5,700	1.2
	12,191	12,313	(1.0)%

Advertising in niche publications decreased 1.5% on a same property basis. Online advertising increased 18.9% on a same property basis, due to cross selling with the Company's print publications.

Circulation and Other Revenue

Same property circulation revenue decreased $461,000, or 0.6%, in 2002 primarily due to the loss of a Sunday. The Company's same property average daily newspaper circulation units, including MNI, as measured by the Audit Bureau of Circulations, increased 1.2% and Sunday circulation increased 0.3% for the six months ended September 2002 compared to the same period in the prior year. Total daily and Sunday circulation increased 0.1% and decreased 0.1%, respectively, in the same period. For the six months ended March 2002, same property average daily circulation units, including MNI, increased 2.0% and Sunday circulation increased 0.6% compared to the same period in the prior year. The Company is focused on growing circulation units and revenue through a number of initiatives.

Same property commercial printing revenue declined $3,051,000, or 12.5%, in 2002 due, in part, to economic conditions and the loss of certain key customers. Same property online services and other revenue decreased $1,163,000, or 6.5%, in 2002.

Operating Expenses and Results of Operations

The following table sets forth the Company's operating expenses and overall results as reported in the Consolidated Financial Statements:

	Year Ended September 30		Percent Change	
(Thousands)	2002	2001	Total	Same Property
Compensation	$ 209,263	$ 169,530	23.4%	(3.6)%
Newsprint and ink	43,727	42,009	4.1	(19.1)
Other operating expenses	125,645	107,448	16.9	(4.3)
	378,635	318,987	18.7	(6.1)
Operating cash flow	145,021	107,979	34.3	7.9
Depreciation and amortization	35,050	31,357	11.8	(26.7)
Operating income, before equity in net income of associated companies	109,971	76,622	43.5	17.9
Equity in net income of associated companies	9,057	7,651	18.4	NA
Operating income	119,028	84,273	41.2	NA
Non-operating income (expense), net	(10,778)	6,418	NM	NA
Income from continuing operations before income taxes	108,250	90,691	19.4	NA
Income tax expense	29,366	32,620	(10.0)	NA
Income from continuing operations	$ 78,884	$ 58,071	35.8%	NA

Costs other than depreciation and amortization increased $59,648,000, or 18.7%, in 2002. All categories of expenses were impacted by the acquisitions of Howard, which the Company purchased in April 2002, and the remaining 50% of SCN in July 2002. In total, acquisitions accounted for $79,833,000 of operating costs, excluding depreciation and amortization, in 2002. Businesses sold in 2002, but still included in continuing operations accounted for $3,362,000 of operating expenses other than depreciation and amortization in 2002 and $10,401,000 of such expenses in 2001.

Compensation expense increased $39,733,000, or 23.4%, in 2002 as workforce reductions, delayed salary increases and 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. Other operating costs, exclusive of depreciation and amortization, increased $18,197,000, or 16.9%, 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 acquisitions of Howard and SCN, offset by the elimination of goodwill amortization.

Operating cash flow improved 34.3% to $145,021,000 in 2002 from $107,979,000 in 2001. Operating cash flow margin improved to 27.7% from 25.3% 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. Equity in net income of associated companies increased due primarily to the inclusion of SCN for part of the year. SCN was accounted for as an equity investment from April through June 2002, prior to the acquisition of the remaining 50% of SCN in July 2002. Operating income margin increased to 22.7% in 2002 from 19.7% 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 2001. Reinvestment rates also declined from the prior year. Financial expense increased to $15,777,000 due to increased debt from the acquisitions of Howard and SCN, offset by lower interest rates and subsequent debt reduction from operating cash flows.

Overall Results

Income taxes were 27.1% and 36.0% 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 36.5% in 2002 without this event.

As a result of all of the above, income from continuing operations totaled $78,884,000 in 2002, compared to $58,071,000 in 2001. Earnings per diluted common share increased to $1.78 in 2002 from $1.32 in 2001. The favorable resolution of tax issues increased 2002 results by $0.23 per share.

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 50% of 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. An additional after-tax loss of $20,000 was recorded in 2003. 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 from discontinued operations in 2002 and 2001 was $5,668,000 and $7,184,000, respectively. There was no revenue from discontinued operations in 2003.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities of continuing operations was $140,969,000 in 2003, $115,301,000 in 2002 and $106,735,000 in 2001. Decreases in working capital and increased depreciation and amortization from the acquisitions of Howard and SCN in 2002 accounted for the change between 2003 and 2002. Increased income from continuing operations, offset by increases in working capital, accounted for the change between 2002 and 2001.

Cash required for investing activities totaled $12,791,000 in 2003, $547,474,000 in 2002, and $223,304,000 in 2001. Capital spending accounted for substantially all of the usage of funds in 2003. Acquisitions accounted for substantially all of the usage of funds in 2002. 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 $20,000,000 in 2004, and other requirements will be available from internally generated funds, availability under its existing credit agreement or, if necessary, by accessing the capital markets.

Financing activities provided funds of $217,163,000 in 2002. Such activities required funds of $135,764,000 in 2003 and $78,026,000 in 2001 primarily for debt reduction and dividends. The Company's cash dividend payments have been influenced by timing. The annual dividend in 2001, 2002 and 2003 has remained $0.68 per share.

The Company entered into a five-year, $350,000,000 credit agreement in March 2002. The primary purposes of the agreement were 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. At September 30, 2003 the outstanding principal balance was $155,000,000.

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, 2003, the Company was in compliance with these covenants.

Cash provided by discontinued operations totaled $4,269,000 in 2003 and primarily reflects net proceeds from the sale of the Ashland, Oregon daily newspaper. 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 broadcast 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.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the FASB issued Interpretation 46, *Consolidation of Variable Interest Entities - an interpretation of ARB No. 51*. This interpretation provides new consolidation accounting guidance for entities involved with variable interest entities (VIE). This guidance requires a primary beneficiary, defined as an entity which participates in either a majority of the risks or rewards of such VIE, to consolidate the VIE. A VIE would not be subject to this interpretation if such entity has sufficient voting equity capital (presumed to require a minimum of 10%), such that the entity is able to finance its activities without additional subordinated financial support from other parties. The adoption of Interpretation 46 did not have a material effect on the Company's Consolidated Financial Statements.

In May 2003, the FASB issued Statement 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.* Statement 150 establishes standards for how companies classify and measure certain financial instruments with characteristics of both liabilities and equity. The statement requires companies to classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Certain provisions of Statement 150 were effective for the Company for the three months ended September 2003 and the adoption of those provisions did not have a material impact on the Company's Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

The following table summarizes the more significant of the Company's contractual obligations.

(Thousands of Dollars)	Payments (Or Commitments) Due By Year				
Nature of Obligation	Total	Less Than 1	1-3	3-5	More Than 5
Long-term debt	$ 305,200	$ 36,600	$ 24,000	$ 179,800	$ 64,800
Lease obligations	16,833	2,081	3,336	2,232	9,184
Total	$ 322,033	$ 38,681	$ 27,336	$ 182,032	$ 73,984
Newsprint (metric tons)	298,000	122,000	170,000	6,000	-

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

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 $1,550,000, based on floating rate debt outstanding at September 30, 2003, excluding MNI.

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.

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 ton newsprint price increase would result in a reduction in income from continuing operations before income taxes of approximately $1,104,000, based on actual consumption in 2003, excluding MNI.

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 calculation is not intended to represent the actual loss in fair value that the Company expects to incur. The estimate does not consider favorable changes in market rates. The position included in the calculation is fixed rate debt, which totals $150,200,000 at September 30, 2003, excluding MNI.

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, 2003 is approximately $6,100,000. 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

Not applicable.

ITEM 9A. 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, 2003, 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, 2003.

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 “Executive Team” in Part I of this Form 10-K, is included in the Company’s Proxy Statement dated December 23, 2003, 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 23, 2003, 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 23, 2003, which is incorporated herein by reference, under the caption “Voting Securities and Principal Holders Thereof”.

Information as of September 30, 2003 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)	1,177,509	$ 30.39	2,673,764

(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 849,000 shares. Under the Purchase Plan, each eligible employee may purchase shares 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 $112,000 in 2003. A director of the Company is an officer of Vertis. In 2003, Vertis acquired The Newspaper Network, Inc. (TNN), which is in the business of placing advertising, including advertising in the Company’s newspapers, for its clients. TNN customarily receives fees from its clients for such services, but receives no compensation from the Company.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to this Item is included in the Company’s Proxy Statement dated December 23, 2003, which is incorporated herein by reference, under the caption “Relationship with Independent Public Accountants”.

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, 2003 and 2002
Consolidated Statements of Income – Years ended September 30, 2003, 2002 and 2001
Consolidated Statements of Stockholders' Equity - Years ended September 30, 2003, 2002 and 2001
Consolidated Statements of Cash Flows – Years ended September 30, 2003, 2002 and 2001
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

The following report on Form 8-K was filed during the three months ended September 30, 2003:

Date of Report	Item(s)	Disclosure(s)
July 21, 2003	9 and 12	Earnings for the three months and nine months ended June 30, 2003 and revenue statistics for the month of June 2003.

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 23rd day of December 2003.

LEE ENTERPRISES, INCORPORATED

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

/s/ Carl G. Schmidt
Carl G. Schmidt
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 12th day of November, 2003.

Signature	
/s/ Rance E. Crain Rance E. Crain	Director
/s/ Nancy S. Donovan Nancy S. Donovan	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

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 (Exhibit 3.1 to Annual Report on Form 10-K for the Fiscal Year Ended September 30, 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 (Exhibit 10.1a to Annual Report on form 10-K for the Fiscal Year Ended September 30, 2002)
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 Benefit Plan (Exhibit 10.4 to Annual Report on Form 10-K for the Fiscal Year Ended September 30, 2002)
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)

Number	Description
10.7	Lease Agreement between Ryan Companies US, Inc. and Lee Enterprises, Incorporated dated May 2003
16 *	Former Independent Accountant's Letter (Exhibit 16 to Current Report on Form 8-K dated July 2, 2002)
21	Subsidiaries and associated companies
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of McGladrey & Pullen, LLP
24	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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)

CONSOLIDATED FINANCIAL STATEMENTS	PAGE

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30		
(Thousands, Except Per Common Share Data)	2003	2002	2001
Operating revenue:			
Advertising	$480,988	$377,145	$300,809
Circulation	133,148	105,711	81,441
Other	42,605	40,800	44,716
	656,741	523,656	426,966
Operating expenses:			
Compensation	272,311	209,263	169,530
Newsprint and ink	57,773	43,727	42,009
Depreciation	18,817	18,127	15,992
Amortization of intangible assets	27,799	16,923	15,365
Other	150,107	125,645	107,448
	526,807	413,685	350,344
Operating income, before equity in net income of associated companies	129,934	109,971	76,622
Equity in net income of associated companies	8,053	9,057	7,651
Operating income	137,987	119,028	84,273
Non-operating income (expense), net:			
Financial income	1,120	6,007	28,548
Financial expense	(16,535)	(15,777)	(11,963)
Loss on sales of businesses	(14)	(339)	(6,233)
Other, net	(1,035)	(669)	(3,934)
	(16,464)	(10,778)	6,418
Income from continuing operations before income taxes	121,523	108,250	90,691
Income tax expense	43,462	29,366	32,620
Income from continuing operations	78,061	78,884	58,071
Discontinued operations:			
Loss from discontinued operations, net of income tax effect	-	(176)	(373)
Gain (loss) on dispositions, net of income tax effect	(20)	1,122	254,772
	(20)	946	254,399
Net income	$ 78,041	$ 79,830	$312,470
Earnings per common share:			
Basic:			
Continuing operations	$ 1.76	$ 1.79	$ 1.33
Discontinued operations	-	0.02	5.81
Net income	$ 1.76	$ 1.81	$ 7.14
Diluted:			
Continuing operations	$ 1.75	$ 1.78	$ 1.32
Discontinued operations	-	0.02	5.77
Net income	$ 1.75	$ 1.80	$ 7.09

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

CONSOLIDATED BALANCE SHEETS

(Thousands, Except Per Share Data)	September 30 2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,064	$ 14,381
Accounts receivable, less allowance for doubtful accounts: 2003 $5,596; 2002 $6,035	58,698	57,313
Receivable from associated companies	1,500	1,500
Inventories	9,603	10,166
Deferred income taxes	5,431	7,812
Other	3,589	2,986
Assets of discontinued operations	-	7,723
	89,885	101,881
Investments:		
Associated companies	21,205	20,278
Other	8,267	8,498
	29,472	28,776
Property and equipment:		
Land and improvements	21,271	21,095
Buildings and improvements	96,736	96,442
Equipment	240,047	231,752
	358,054	349,289
Less accumulated depreciation	157,098	144,992
	200,956	204,297
Goodwill	611,011	611,938
Other intangible assets	486,369	513,109
Other	3,684	3,829
	$1,421,377	$1,463,830

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

	September 30	
	2003	2002
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 36,600	$ 14,600
Accounts payable	20,284	21,015
Compensation and other accrued liabilities	33,142	32,591
Income taxes payable	16,553	5,103
Dividends payable	-	7,533
Liabilities of discontinued operations	-	157
Unearned revenue	27,972	27,750
	134,551	108,749
Long-term debt, net of current maturities	268,600	394,700
Deferred items:		
Retirement and compensation	8,159	7,655
Income taxes	207,090	208,957
Other	821	995
	619,221	721,056
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: 2003 35,497 shares; 2002 34,621 shares	70,994	69,242
Class B Common Stock, $2 par value; authorized 30,000 shares; issued and outstanding: 2003 9,124 shares; 2002 9,690 shares	18,248	19,380
Additional paid-in capital	78,697	67,084
Unearned compensation	(2,457)	(1,845)
Retained earnings	636,674	588,913
	802,156	742,774
	$1,421,377	$1,463,830

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Year Ended September 30					
	Amount			Shares		
(Thousands, Except Per Common Share Data)	2003	2002	2001	2003	2002	2001
Common Stock:	$ 69,242	$ 67,318	$ 66,140	34,621	33,659	33,070
Balance, beginning of year						
Conversion from Class B						
Common Stock	1,132	1,378	694	566	689	347
Shares issued	638	580	1,194	319	290	597
Shares reacquired	(18)	(34)	(710)	(9)	(17)	(355)
Balance, end of year	70,994	69,242	67,318	35,497	34,621	33,659
Class B Common Stock:						
Balance, beginning of year	19,380	20,758	21,480	9,690	10,379	10,740
Conversion to Common						
Stock	(1,132)	(1,378)	(694)	(566)	(689)	(347)
Shares reacquired	-	-	(28)	-	-	(14)
Balance, end of year	18,248	19,380	20,758	9,124	9,690	10,379
Additional paid-in capital:						
Balance, beginning of year	67,084	57,037	44,271			
Stock option expense, net	3,060	2,414	1,932			
Shares issued	8,553	7,633	10,834			
Balance, end of year	78,697	67,084	57,037			
Unearned compensation:						
Balance, beginning of year	(1,845)	(1,130)	(1,227)			
Restricted shares issued	(2,309)	(2,067)	(1,136)			
Restricted shares canceled	9	92	251			
Amortization	1,688	1,260	982			
Balance, end of year	(2,457)	(1,845)	(1,130)			
Retained earnings:						
Balance, beginning of year	588,913	539,210	265,578			
Net income	78,041	79,830	312,470			
Cash dividends per						
common share:	(30,259)	(30,075)	(29,797)			
2003 $0.68;						
2002 $0.68;						
2001 $0.68						
Shares reacquired	(21)	(52)	(9,041)			
Balance, end of year	636,674	588,913	539,210			
Total stockholders' equity	$ 802,156	$ 742,774	$ 683,193	44,621	44,311	44,038

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30		
(Thousands)	2003	2002	2001
Cash provided by operating activities:			
Net income	$ 78,041	$ 79,830	$ 312,470
Results of discontinued operations	20	(946)	(254,399)
Income from continuing operations	78,061	78,884	58,071
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	46,616	35,050	31,357
Stock compensation expense	4,628	3,936	3,216
Losses on sales, or expected sales, of businesses	30	339	6,233
Distributions less than earnings of associated companies	(927)	(1,338)	(552)
Change in operating assets and liabilities, net of effects from business acquisitions:			
Decrease (increase) in receivables	(1,326)	2,722	(636)
Decrease (increase) in inventories and other	2,341	(6,562)	47
Decrease in accounts payable, accrued expenses and unearned revenue	(770)	(98)	(5,507)
Increase (decrease) in income taxes payable	11,450	(9,702)	6,449
Other	866	12,070	8,057
Net cash provided by operating activities	140,969	115,301	106,735
Cash required for investing activities:			
Sales (purchases) of temporary cash investments, net	-	211,221	(211,221)
Purchases of property and equipment	(16,128)	(13,522)	(9,904)
Acquisitions, net	(1,073)	(753,089)	(4,518)
Proceeds from sales of businesses	-	7,509	5,341
Other	4,410	407	(3,002)
Net cash required for investing activities	(12,791)	(547,474)	(223,304)
Cash provided by (required for) financing activities:			
Proceeds from (payments on) notes payable, net	(3,000)	3,000	(37,937)
Payments on long-term debt	(141,100)	(46,100)	(11,600)
Purchases of common stock	(272)	(341)	(10,050)
Proceeds from long-term debt	40,000	279,000	-
Financing costs	-	(2,442)	-
Cash dividends paid	(37,792)	(22,542)	(29,797)
Other, primarily issuance of common stock	6,400	6,588	11,358
Net cash provided by (required for) financing activities	(135,764)	217,163	(78,026)
Net cash provided by (required for) discontinued operations	4,269	(42,778)	437,337
Net increase (decrease) in cash and cash equivalents	(3,317)	(257,788)	242,742
Cash and cash equivalents:			
Beginning of year	14,381	272,169	29,427
End of year	$ 11,064	$ 14,381	$ 272,169

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 nearly 200 weekly, classified and specialty publications, along with associated online services. The Company currently operates in a single business segment as its enterprises have similar economic characteristics, products, customers and distribution.

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Certain amounts as previously reported have been reclassified to conform with the current year presentation.

Effective in October 2002, the Company adopted the fair value provisions of accounting for stock-based compensation, and all prior periods have been restated. See Note 9.

References to 2003, 2002 and 2001 mean the years ended September 30, 2003, 2002 and 2001, 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

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, 2003 and 2002 were less than replacement cost by $2,439,000 and $1,887,000, 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 Other 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
Noncompete 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The impact of adoption of these statements is as follows:

	Year Ended September 30		
(Thousands)	2003	2002	2001
Income from continuing operations, as reported	$ 78,061	$ 78,884	$ 58,071
Goodwill amortization, net of income tax benefit	-	-	5,861
Goodwill amortization of associated companies	-	-	236
Income from continuing operations, as adjusted	78,061	78,884	64,168
Discontinued operations	(20)	946	254,399
Net income, as adjusted	$ 78,041	$ 79,830	$318,567

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

	Year Ended September 30		
	2003	2002	2001
Basic:			
Income from continuing operations, as reported	$ 1.76	$ 1.79	$ 1.33
Goodwill amortization	-	-	0.14
Income from continuing operations, as adjusted	1.76	1.79	1.47
Discontinued operations	-	0.02	5.81
Net income, as adjusted	$ 1.76	$ 1.81	$ 7.28
Diluted:			
Income from continuing operations, as reported	$ 1.75	$ 1.78	$ 1.32
Goodwill amortization	-	-	0.14
Income from continuing operations, as adjusted	1.75	1.78	1.46
Discontinued operations	-	0.02	5.77
Net income, as adjusted	$ 1.75	$ 1.80	$ 7.23

Revenue Recognition

Advertising revenues are recorded when advertisements are placed in the publication and circulation revenues are recorded as newspapers are delivered over the subscription term. Other revenue is recognized when the related product or service has been delivered. Unearned revenue arises in the ordinary course of business from advance subscription payments for newspapers.

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.

The Company files income tax returns with various state tax jurisdictions and the Internal Revenue Service. From time to time the Company is audited by those agencies, and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies and does not anticipate any material adverse impact on its earnings as a result of such audits.

Stock Compensation

The Company has three stock-based compensation plans. Prior to 2003, the Company accounted for grants under those plans under APB Opinion 25 and related interpretations. Accordingly, no compensation cost was recognized for grants under the stock option or stock purchase plans. Effective in October 2002, the Company adopted the fair value expense recognition provisions of FASB Statement 123, *Accounting for Stock-Based Compensation*, for stock-based employee compensation, as amended by FASB Statement 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*. All prior periods presented have been restated to reflect the compensation cost that would have been recognized had the recognition provisions of Statements 123 and 148 been applied to all awards granted to employees after October 1, 1995.

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. 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. Letters of credit totaling $3,070,000 at September 30, 2003 are outstanding in support of the Company's insurance program.

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

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

The Company acquired three specialty publications at a cost of $1,073,000 in 2003.

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 in 2001, and revolving loans under the terms of a five year, $350,000,000 credit agreement.

The representations and warranties of Howard stockholders were 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% of 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 was 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 results do not include the acquisitions made in 2003 and 2001 because the impact is not significant.

	Year Ended September 30	
(Thousands, Except Per Common Share Data) (Unaudited)	2002	2001
Operating revenue	$643,516	$655,560
Income from continuing operations	79,755	43,052
Earnings per common share:		
Basic	$ 1.81	$ 0.98
Diluted	1.80	0.98

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

(Thousands)	
Current assets	$ 24,501
Property and equipment	93,941
Goodwill	394,332
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)	Amount	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	
	$ 453,703	

The Company acquired six weekly newspapers or specialty publications and increased its ownership in an Internet venture in 2001.

The Company sold several weekly and specialty publications in 2002 and 2001. These transactions were initiated prior to the adoption of 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
Noncash working capital	$ 492	$ 519
Property and equipment	327	1,319
Intangible assets	7,029	4,961
	7,848	6,799
Loss recognized on sales, or expected sales, of businesses	(339)	(1,458)
	$ 7,509	$ 5,341

In 2001, the Company also 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. An additional after tax loss of approximately $20,000 was recognized in 2003. Results for Flathead and Ashland are recorded in discontinued operations for all periods presented in accordance with the provisions of Statement 144.

Income from discontinued operations consists of the following:

	Year Ended September 30		
(Thousands)	2003	2002	2001
Operating revenue	$ -	$ 5,668	$ 7,184
Income from, or gain (loss) on sale of, discontinued operations	(34)	(5,271)	402,086
Income tax expense (benefit)	(14)	(6,217)	147,687
	$ (20)	$ 946	$ 254,399

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 2003 and 2001 is primarily attributable to state income taxes.

The components of assets and liabilities of discontinued operations at September 30, 2002 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, and other Wisconsin locations. MNI conducts its business under the trade name Capital Newspapers.

Summarized financial information of MNI is as follows:

	September 30	
(Thousands)	2003	2002
ASSETS		
Current assets	$ 23,573	$ 24,284
Investments and other assets	48,302	49,608
Property and equipment, net	15,847	13,972
	$ 87,722	$ 87,864
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities, excluding debt	$ 13,568	$ 14,673
Debt, including current maturities	29,844	32,344
Other	1,900	291
Stockholders' equity	42,410	40,556
	$ 87,722	$ 87,864

	Year Ended September 30		
(Thousands)	2003	2002	2001
Operating revenue	$ 112,471	$ 106,527	$ 105,880
Operating expenses, excluding depreciation and amortization	80,977	74,188	76,484
Operating income	26,410	27,703	24,824
Net income	16,106	16,927	15,302

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 $9,665,000, $8,962,000 and $9,300,000 in 2003, 2002 and 2001, respectively. In 2003, the Company also received $694,000 for purchase of a software system.

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

	September 30	
(Thousands)	2003	2002
Company's share of:		
Stockholders' equity	$ 21,205	$ 20,278
Undistributed earnings	20,955	20,028

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 in Wisconsin. The purchase price was approximately $18,440,000.

5 GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

	Year Ended September 30	
(Thousands)	2003	2002
Goodwill, beginning of year	$ 611,938	$ 225,147
Goodwill related to acquisitions	(927)	395,223
Goodwill related to sales of businesses	-	(8,432)
Goodwill, end of year	$ 611,011	$ 611,938

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

	September 30	
(Thousands)	2003	2002
Unamortizable intangible assets:		
Mastheads	$ 26,022	$ 26,022
Amortizable intangible assets:		
Noncompete and consulting agreements	28,441	28,406
Less accumulated amortization	24,168	21,967
	4,273	6,439
Customer and newspaper subscriber lists	526,202	525,224
Less accumulated amortization	70,128	44,576
	456,074	480,648
	$ 486,369	$ 513,109

Annual amortization of intangible assets related to continuing operations for the five years ending September 2008 is estimated to be $27,810,000, $24,901,000, $23,382,000, $23,340,000 and $23,165,000, respectively.

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 interest rate of the revolving loans at September 30, 2003 is, at the option of the Company, LIBOR plus 1.125% 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 was 2.26% and 3.07% at September 30, 2003 and 2002, respectively.

Debt consists of the following:

	September 30	
(Thousands)	2003	2002
2002 credit agreement	$ 155,000	$ 244,500
1998 Note Purchase Agreement, 6.14% to 6.64%		
due in varying amounts to 2013	150,200	161,800
Other, repaid in 2003	-	3,000
	305,200	409,300
Less current maturities	36,600	14,600
	$ 268,600	$ 394,700

Aggregate maturities during the five years ending September 2008 are $36,600,000, $11,600,000, $12,400,000, $167,400,000 and $12,400,000, respectively.

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, 2003, 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 $17,064,000 in 2003, $13,885,000 in 2002 and $12,153,000 in 2001.

The Company is obligated under an unfunded plan to provide certain fixed retirement payments to certain former employees. The plan is frozen and no additional benefits are being accrued. The accrued liability under the plan was $3,317,000 and $3,457,000 at September 30, 2003 and 2002, respectively.

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. Prior to 2003, the Company accounted for grants under those plans under APB Opinion 25 and related interpretations. Accordingly, no compensation cost was recognized for grants under the stock option or stock purchase plans. Effective in October 2002, the Company adopted the fair value expense recognition provisions of Statement 123, *Accounting for Stock-Based Compensation*, for stock-based employee compensation, as amended by Statement 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*. All prior periods presented have been restated to reflect the compensation cost that would have been recognized had the recognition provisions of Statement 123 and 148 been applied to all awards granted to employees after October 1, 1995. The cumulative effect of the adoption of Statements 123 and 148 decreased non-current deferred income tax liabilities by $1,075,000, decreased retained earnings by $5,866,000 and increased additional paid-in capital by $6,941,000 at October 1, 2000. Total stock compensation expense is $4,628,000, $3,936,000 and $3,216,000 in 2003, 2002, and 2001, respectively.

The impact of the adoption of Statements 123 and 148 on both income from continuing operations and the related diluted earnings per common share is as follows:

	Year Ended September 30	
(Thousands, except per common share data)	2002	2001
Income from continuing operations, as reported	$ 81,029	$ 59,829
Additional stock compensation expense (net of income tax benefit)	(2,145)	(1,758)
Income from continuing operations, as adjusted	$ 78,884	$ 58,071
Diluted earnings per common share, as reported	$ 1.83	$ 1.36
Additional stock compensation expense	(0.05)	(0.04)
Diluted earnings per common share, as adjusted	$ 1.78	$ 1.32

Stock Options and Restricted Stock

The Company has reserved 3,851,000 shares of Common Stock for issuance to 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 1.7% to 2.6%; price volatility of 20% to 29.8%; risk-free interest rates based upon the life of the option ranging from 1.1% to 5.8%; and expected lives based upon the life of the option ranging from 1 to 8 years.

A summary of stock option activity is as follows:

	Number of Shares		
(Thousands)	2003	2002	2001
Under option, beginning of year	1,049	967	1,178
Granted	301	300	355
Exercised	(165)	(174)	(547)
Canceled	(8)	(44)	(19)
Under option, end of year	1,177	1,049	967
Exercisable, end of year	579	530	467

Weighted average prices of options are as follows:

	2003	2002	2001
Granted	$ 32.52	$ 35.58	$ 27.24
Exercised	25.66	25.77	18.83
Under option, end of year	30.39	29.04	26.44
Fair value of options granted	7.39	9.74	6.97

A summary of options outstanding at September 30, 2003 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	37,000	1.2	$ 18.25	37,000	$ 18.25
20 to 25	44,000	3.0	21.69	44,000	21.69
25 to 30	439,000	5.3	27.18	354,000	27.48
30 to 34	368,000	8.2	32.40	56,000	31.99
35 to 40	289,000	8.1	35.58	88,000	35.63
Total	1,177,000	6.7	$ 30.39	579,000	$ 28.13

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 2003, 2002 and 2001, the Company granted 71,000, 58,000 and 44,000 shares, respectively, of restricted stock to employees. At September 30, 2003, 164,150 shares of restricted stock were outstanding.

At September 30, 2003, 2,674,000 shares were available for granting of stock options or issuance of restricted stock.

In November 2003, 177,600 options were granted at an exercise price of $43.25 per share and 98,400 shares of restricted stock were issued.

Stock Purchase Plan

The Company has 849,000 shares of Common Stock available for issuance pursuant to an employee stock purchase plan. April 30, 2004 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 2003, 2002 and 2001, computed using the Black-Scholes option-pricing model, were $8.35, $9.23 and $6.93, respectively.

In 2003, 2002 and 2001 employees purchased 76,000, 63,000 and 85,000 shares, respectively, at a price of $30.08 in 2003, $26.44 in 2002 and $19.20 in 2001.

10 INCOME TAXES

Income tax expense consists of the following:

	Year Ended September 30		
(Thousands)	2003	2002	2001
Current:			
Federal	$ 36,803	$ 13,115	$ 181,412
State	6,131	5,832	28,936
Deferred	514	4,202	(30,041)
	$ 43,448	$ 23,149	$ 180,307
Continuing operations	$ 43,462	$ 29,366	$ 32,620
Discontinued operations	(14)	(6,217)	147,687
	$ 43,448	$ 23,149	$ 180,307

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		
	2003	2002	2001
Computed "expected" income tax expense	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	2.1	3.7	4.0
State income tax credits	-	-	(2.5)
Net income of associated companies taxed at dividend rates	(1.9)	(2.5)	(2.3)
Goodwill amortization	-	-	1.2
Resolution of tax issues	-	(9.4)	-
Other	0.6	0.3	0.6
	35.8%	27.1%	36.0%

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:

	September 30	
(Thousands)	2003	2002
Deferred income tax liabilities:		
Property and equipment	$ 26,402	$ 20,543
Equity in undistributed earnings of affiliates	1,650	1,594
Identifiable intangible assets	184,616	191,952
Other	1,531	160
	214,199	214,249
Deferred income tax assets:		
Accrued compensation	6,403	5,406
Allowance for doubtful accounts	3,285	3,407
Other	2,852	4,291
	12,540	13,104
Net deferred income tax liabilities	$ 201,659	$201,145

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

	September 30	
(Thousands)	2003	2002
Current assets	$ 5,431	$ 7,812
Non-current liabilities	(207,090)	(208,957)
	$(201,659)	$(201,145)

A $4,000,000 reduction of income tax expense from changes in estimates related to state income 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, 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 $3,891,000, 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:

	September 30	
(Thousands)	2003	2002
Carrying amount	$150,200	$161,800
Fair value	164,000	175,200

12 EARNINGS PER COMMON SHARE

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

(Thousands, Except Per Common Share Data)	Year Ended September 30 2003	2002	2001
Income applicable to common stock:			
Continuing operations	$ 78,061	$ 78,884	$ 58,071
Discontinued operations	(20)	946	254,399
Net income	$ 78,041	$ 79,830	$ 312,470
Weighted average common shares	44,478	44,204	43,873
Less non-vested restricted stock	162	117	89
Basic average common shares	44,316	44,087	43,784
Dilutive stock options and restricted stock	197	264	305
Diluted average common shares	44,513	44,351	44,089
Earnings per common share:			
Basic:			
Continuing operations	$ 1.76	$ 1.79	$ 1.33
Discontinued operations	-	0.02	5.81
Net income	$ 1.76	$ 1.81	$ 7.14
Diluted:			
Continuing operations	$ 1.75	$ 1.78	$ 1.32
Discontinued operations	-	0.02	5.77
Net income	$ 1.75	$ 1.80	$ 7.09

13 OTHER INFORMATION

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

(Thousands)	September 30 2003	2002
Compensation	$ 16,578	$ 17,552
Retirement and stock purchase plans	8,379	7,849
Interest	141	1,075
Other	8,044	6,115
	$ 33,142	$ 32,591

Cash flow information is as follows:

(Thousands)	Year Ended September 30 2003	2002	2001
Cash payments for:			
Interest	$ 16,393	$ 18,881	$ 13,025
Income taxes, net of refunds	31,063	65,485	165,028
Capital expenditures related to discontinued operations	-	150	68

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 VALUATION AND QUALIFYING ACCOUNTS

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

	Year Ended September 30		
(Thousands)	2003	2002	2001
ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Balance, beginning of year	$ 6,035	$ 4,328	$ 3,244
Additions charged to expense	2,966	2,728	4,160
Reserves of businesses acquired or sold	-	2,396	-
Deductions from reserves	3,405	3,417	3,076
Balance, end of year	$ 5,596	$ 6,035	$ 4,328
ALLOWANCE FOR LOSSES ON LOANS			
Balance, beginning of year	$ 2,710	$ 2,522	$ -
Additions charged to expense	117	188	2,522
Balance, end of year	$ 2,827	$ 2,710	$ 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. The contribution was paid in 2003. Lee Foundation supports not for profit organizations in the communities in which newspapers and other publications of the Company are located. Company officers receive no compensation from Lee Foundation.

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 $112,000 in 2003 and $76,000 in 2002. A director of the Company is an officer of Vertis. In 2003, Vertis acquired The Newspaper Network, Inc. (TNN), which is in the business of placing advertising, including advertising in the Company's newspapers, for its clients. TNN customarily receives fees from its clients for such services, but receives no compensation from the Company.

16 COMMITMENTS AND CONTINGENT LIABILITIES

Newsprint

In 2002, the Company entered into a four-year contract for the annual purchase of 45,000 metric tons 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, for amounts totaling approximately 76,000 metric tons per year, at market prices, with other suppliers.

Operating Leases

The Company has operating lease commitments for certain of its office, production, and distribution facilities. Management expects that in the normal course of business, existing leases will be renewed or replaced by other leases. Minimum lease payments during the five years ending September 2008 and thereafter are $2,081,000, $1,875,000, $1,461,000, $1,245,000, $987,000, and $9,184,000, respectively. Total operating lease expense is $3,033,000, $2,544,000, and $2,241,000 for 2003, 2002, and 2001, respectively.

Litigation

The Company is involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While the Company is unable to predict the ultimate outcome of these legal actions, it is the opinion of management that the disposition of these matters will not have a material adverse effect on the Company's Consolidated Financial Statements, taken as a whole.

17 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the FASB issued Interpretation 46, *Consolidation of Variable Interest Entities - an interpretation of ARB No. 51*. This interpretation provides new consolidation accounting guidance for entities involved with variable interest entities (VIE). This guidance requires a primary beneficiary, defined as an entity which participates in either a majority of the risks or rewards of such VIE, to consolidate the VIE. A VIE would not be subject to this interpretation if such entity has sufficient voting equity capital (presumed to require a minimum of 10%), such that the entity is able to finance its activities without additional subordinated financial support from other parties. The adoption of Interpretation 46 did not have a material effect on the Company's Consolidated Financial Statements.

In May 2003, the FASB issued Statement 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.* Statement 150 establishes standards for how companies classify and measure certain financial instruments with characteristics of both liabilities and equity. The statement requires companies to classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Certain provisions of Statement 150 were effective for the Company for the three months ended September 2003 and the adoption of those provisions did not have a material impact on the Company's Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter			
(Thousands, Except Per Common Share Data)	1st	2nd	3rd	4th
2003				
Operating revenue	$ 169,836	$ 154,499	$ 167,373	$ 165,033
Income from continuing operations	22,478	14,624	21,458	19,501
Discontinued operations	(20)	-	-	-
Net income	22,458	14,624	21,458	19,501
Earnings per common share:				
Basic:				
Continuing operations	$ 0.51	$ 0.33	$ 0.48	$ 0.44
Discontinued operations	-	-	-	-
Net income	$ 0.51	$ 0.33	$ 0.48	$ 0.44
Diluted:				
Income from continuing operations	$ 0.51	$ 0.33	$ 0.48	$ 0.44
Discontinued operations	-	-	-	-
Net income	$ 0.51	$ 0.33	$ 0.48	$ 0.44
2002				
Operating revenue	$ 106,998	$ 96,145	$ 159,185	$ 161,328
Income from continuing operations	17,614	12,667	30,187	18,418
Discontinued operations	(37)	(103)	1,333	(247)
Net income	17,577	12,564	31,520	18,171
Earnings per common share:				
Basic:				
Continuing operations	$ 0.40	$ 0.29	$ 0.68	$ 0.42
Discontinued operations	-	-	0.03	(0.01)
Net income	$ 0.40	$ 0.29	$ 0.71	$ 0.41
Diluted:				
Continuing operations	$ 0.40	$ 0.29	$ 0.68	$ 0.41
Discontinued operations	-	-	0.03	(0.01)
Net income	$ 0.40	$ 0.29	$ 0.71	$ 0.41

Deloitte.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Lee Enterprises, Incorporated and subsidiaries as of September 30, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years 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 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, such consolidated financial statements present fairly, in all material respects, the financial position of Lee Enterprises, Incorporated and subsidiaries at September 30, 2003 and 2002, and the results of their operations and their cash flows for the years 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 2003 the Company adopted the fair value provisions of FASB Statement 123, *Accounting for Stock-Based Compensation*, as amended by FASB Statement 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*, and retroactively, restated the 2002 consolidated financial statements for the change, and in 2002 the Company changed its method of accounting for goodwill and other intangible assets to conform to FASB Statement 142.

Deloitte & Touche LLP

Davenport, Iowa
December 9, 2003

McGladrey & Pullen
Certified Public Accountants

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

We have audited the accompanying consolidated statements of income, stockholders' equity, and cash flows of Lee Enterprises, Incorporated and subsidiaries for the year ended September 30, 2001. 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, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Lee Enterprises, Incorporated and subsidiaries for the year ended September 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the consolidated financial statements have been restated due to the adoption of the fair value provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation,* as amended by FASB Statement No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*.

McGladrey & Pullen, LLP

Davenport, Iowa
November 9, 2001, except for the effects of the restatement as discussed in Note 1, as to which the date is December 8, 2003

McGladrey & Pullen, LLP is a member firm of RSM International –
an affiliation of separate and independent legal entities.

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 Annual Report on 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 regularly 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 23, 2003