



201 N. Harrison St.
Davenport, IA 52801
www.lee.net

Mary Junck
Chairman, President and Chief Executive Officer
(563) 383-2100

July 12, 2007

Dear Lee Shareholder:

It's been six months since I last wrote, and a lot has been happening to assure the strong future of our company.

Our rapid online growth has accelerated, fueled by a stream of new initiatives, including a landmark partnership with Yahoo and 16 other newspaper companies. We have rolled out the HotJobs ad platform with excellent success, and, beginning this summer, we're adding more Yahoo technology to capture search revenue and drive additional traffic to our sites.

Meanwhile, our newsrooms have been energetically reinventing themselves to provide unmatched local news and information in interactive, multimedia formats on our websites as well as in our powerful daily printed newspapers.

Fed by these initiatives, our online advertising revenue has been growing in recent months at a rate of more than 60 percent, year over year – a spectacular result and, by far, the best in the industry. Lee's overall revenue continues to be at or near the top of the industry every month.

Our publishing business is one of the most profitable in the industry, which has allowed us to continue to generate strong cash flow to reduce net debt by about \$106 million so far this year, on top of the \$179 million we repaid in 2006.

At the moment, however, we're working hard to confront two challenges.

The first challenge is that, even though our advertising revenue has been significantly stronger than that of peers, it's been nonetheless down modestly compared with a year ago. Real estate is in a down cycle all over the country, taking retail home improvement and furniture store advertising with it. National advertising is also in a trough. At the same time, some of our bigger department store customers are working through competitive and branding issues, and the auto industry is undergoing structural changes. With the exception of auto, we see much of this as largely cyclical – which means, we believe, that the ad environment eventually will improve.

The advertising slowdown across the industry has misled some people into believing that the Internet is eating our lunch – and that's the second challenge. Media pundits, some analysts and even some journalists have latched onto the misperception that our industry is in a tailspin. We disagree – completely.

The naysayers need to understand that the printed newspaper remains very, very strong among people of all ages. On average, our newspapers reach more than 60 percent of the adults in our

(over)

markets. Our online sites extend our reach even further, currently by about another seven percent of the total market. This means that, together, our newspapers and our online sites reach two-thirds of all the adults in our markets. In almost all of our markets, this is a greater reach than that of all our competitors combined.

Our sites already reach more adults in our markets than our broadcast competitors, and in many cases they deliver a larger audience than all of our TV competitors, too. Our online sites also are outpacing the growth of Internet advertising overall.

In Lee, still another reason for our enduring strength is that while we've grown online, we've kept our paid circulation steady. Over the last six years, circulation among Lee newspapers has declined at an annual average rate of only 0.1 percent daily and 0.5 percent Sunday. In the six-month period that ended in March, Lee again outpaced the industry by a wide margin, with 31 of our newspapers, including the *St. Louis Post-Dispatch*, reporting gains in daily circulation.

As you know, because of the pessimism around the industry and recent soft revenue, newspaper stocks are currently out of favor on Wall Street. In our case, a large institutional investor has chosen to redirect its investments away from the industry, substantially adding downward pressure on our stock price.

We believe the dark clouds will lift.

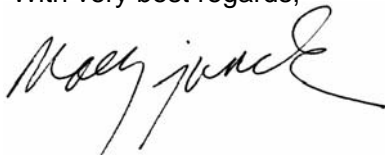
In the meantime, we remain dedicated to the goal of creating long-term shareholder value by staying keenly focused on our top priorities:

- Growing revenue creatively and rapidly
- Emphasizing strong local news
- Accelerating our online innovation
- Increasing circulation, readership and online audiences
- Nurturing employee development and achievement, and
- Exercising careful cost control

The media landscape is changing, and we're changing with it. We're changing in ways that are better for our audiences and advertisers, and we intend to protect our place as the indispensable provider of local news, information and advertising in our markets.

It's a time of great innovation, and we're excited about all the fresh, new ideas that our publishers, news staffs, sales staffs and many other employees have put into motion. I invite you to view Lee's presentation to analysts and investors at the recent Mid-Year Media Review. You can find the full text, slides and audio at www.lee.net.

With very best regards,



Mary Junck

cc: Lee employees