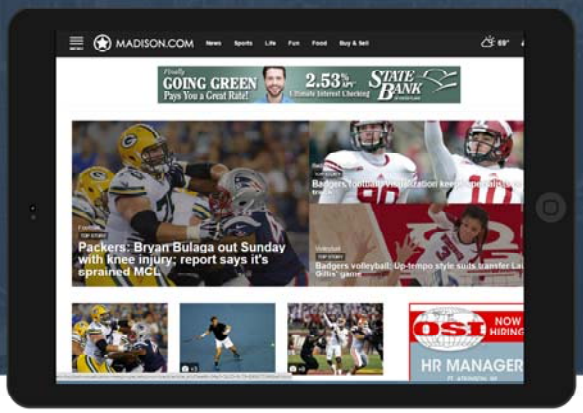
DEUTSCHE BANK 23RD ANNUAL LEVERAGED FINANCE CONFERENCE



September 29, 2015
Scottsdale, Arizona

LEE ENTERPRISES

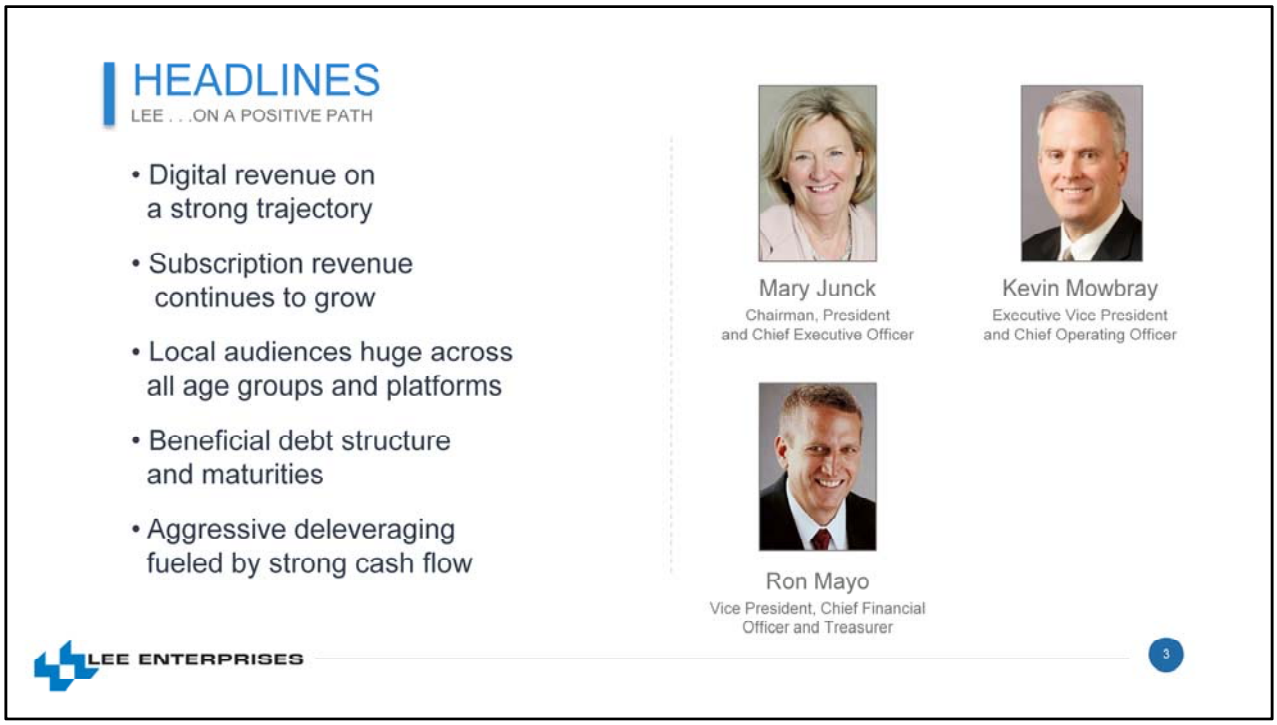
SAFE HARBOR

FORWARD LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This presentation contains information that may be deemed forward-looking that is based largely on our current expectations, and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties, which in some instances are beyond our control, are:

- Our ability to generate cash flows and maintain liquidity sufficient to service our debt
- Our ability to comply with or obtain amendments or waivers of the financial covenants contained in our credit facilities, if necessary
- Our ability to refinance our debt as it comes due
- That the warrants issued in our refinancing will not be exercised
- The impact and duration of adverse conditions in certain aspects of the economy affecting our business
- Changes in advertising demand
- Potential changes in newsprint, other commodities and energy costs
- Interest rates
- Labor costs
- Legislative and regulatory rulings
- Our ability to achieve planned expense reductions
- Our ability to maintain employee and customer relationships
- Our ability to manage increased capital costs
- Our ability to maintain our listing status on the NYSE
- Competition
- Other risks detailed from time to time in our publicly filed documents

Any statements that are not statements of historical fact (including statements containing the words "may", "will", "would", "could", "believes", "expects", "anticipates", "intends", "plans", "projects", "considers" and similar expressions) generally should be considered forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this presentation. We do not undertake to publicly update or revise our forward-looking statements, except as required by law.



Good afternoon!

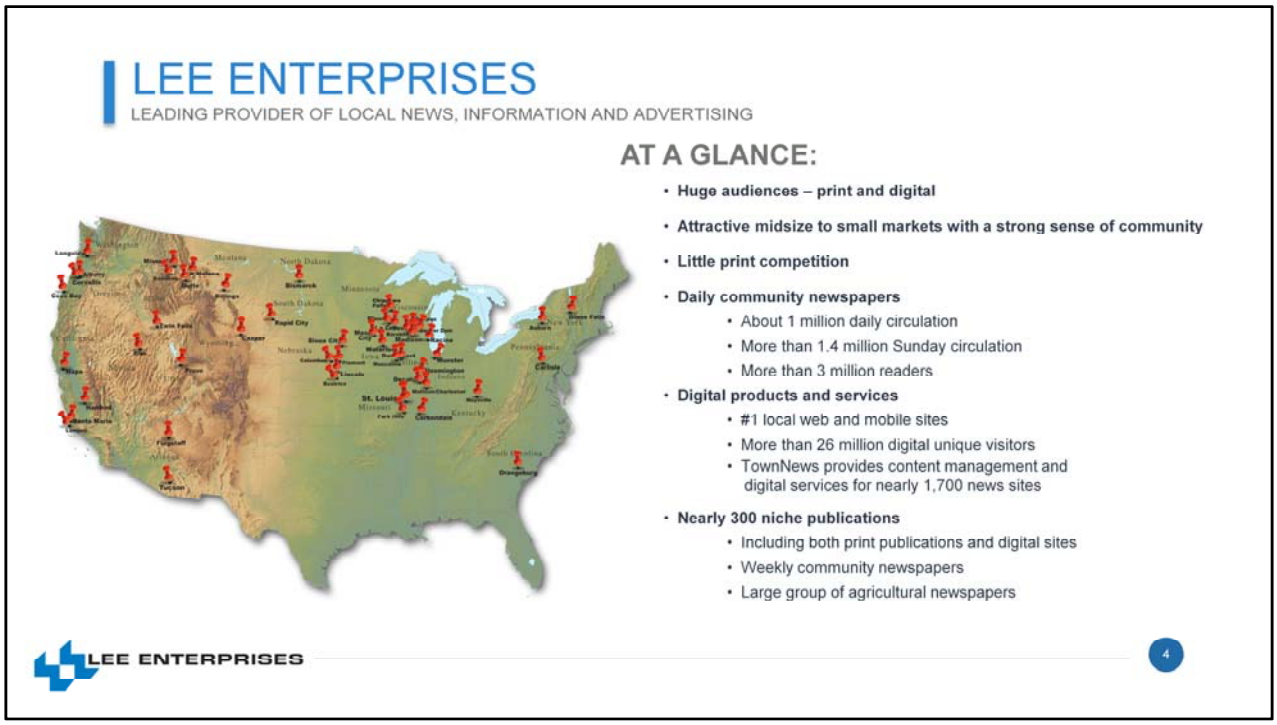
I'm Mary Junck, president, chairman and CEO. With me is Kevin Mowbray, executive vice president and COO; and Ron Mayo, our treasurer and CFO.

I'm very pleased to be with you today to talk about Lee Enterprises. We're upbeat about our accomplishments, and we're on a positive path.

Digital revenue is on a strong trajectory. Subscription revenue continues to grow, and the audiences in our markets are huge across all age groups and platforms.

Our cost control has been especially impressive, and later in our presentation, you'll hear from Ron about improved cost guidance for our fourth quarter.

Steady free cash flow has fueled aggressive deleveraging — keeping us ahead of schedule in retiring debt, and moving forward, we have a beneficial debt structure.

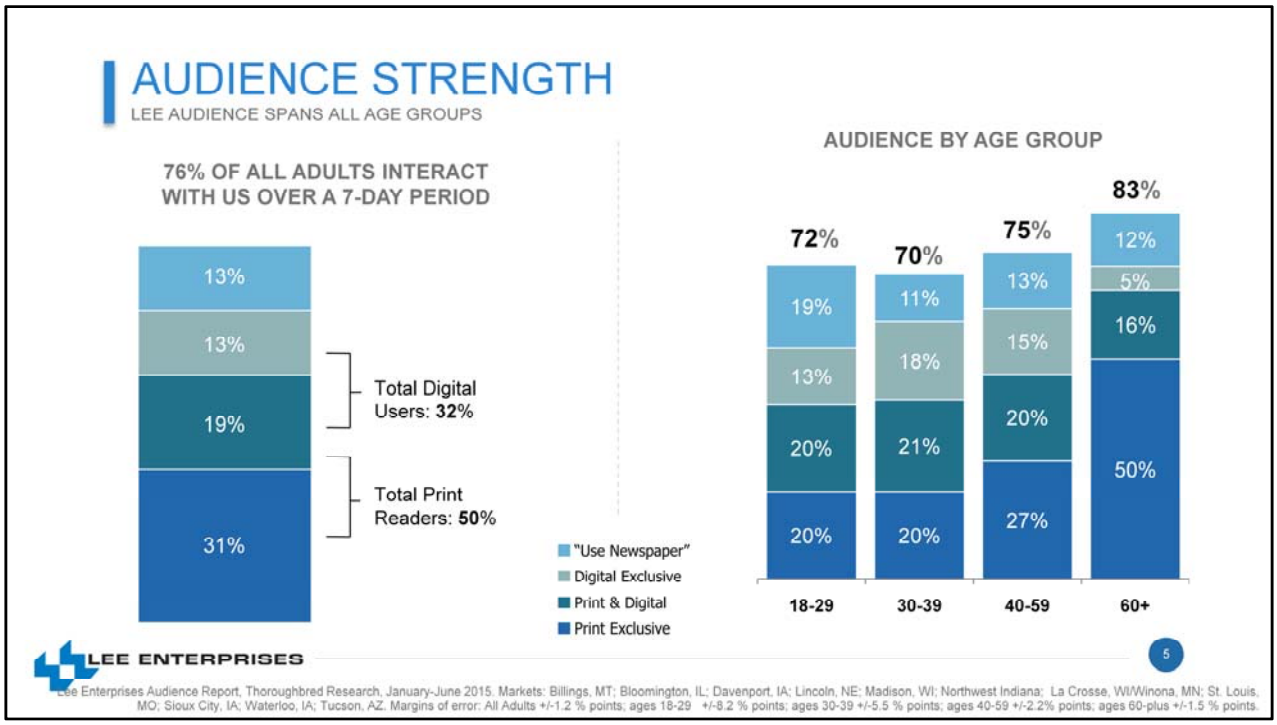


To begin, I'll share some detail about Lee and our markets.

Lee is located in 50 markets in 22 states, in healthy communities with solid retail bases. Most are midsize, regional hubs where our print and digital newspaper media are leading providers of local news, information and advertising with very little print competition. In our markets, we have more reporters, photographers and sales people on the street than all of our competitors combined. We are the leading media in the communities we serve.

Our newspapers reach a million households daily and more than 1.4 million on Sunday, totaling more than three million readers. Over 26 million unique visitors use our sites monthly — up 40% since 2010, and our web and mobile sites are the number one online local news source in nearly all of our markets. We publish breaking news and updates throughout the day and night on all of our digital platforms. Additionally, our TownNews subsidiary provides digital services and infrastructure for nearly 1,700 news sites across the country.

We cover our markets with nearly 300 other publications, many with additional digital platforms. And, our Lee Agri-Media publications and websites reach more than 400,000 rural households in 13 states.



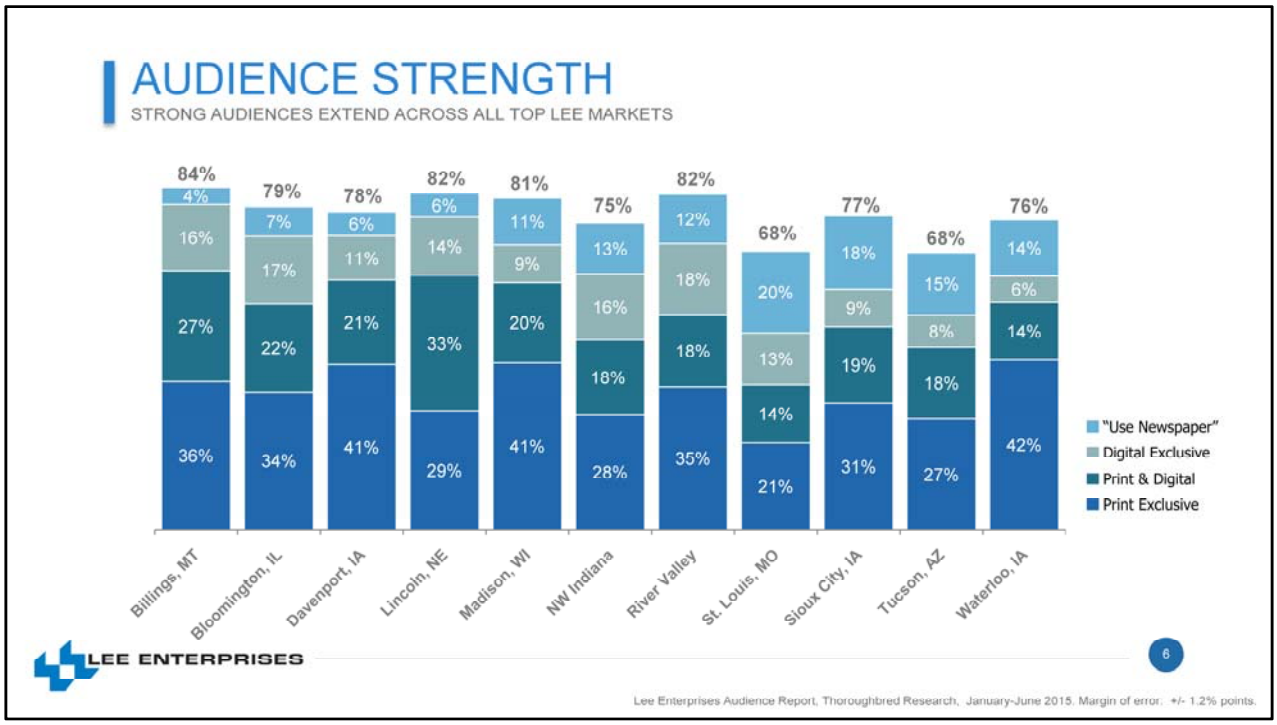
Lee is a premier source of local news, information and advertising in our 50 attractive, local markets, and our audiences are huge across all age groups.

Here are the latest statistics on our vast local audiences.

The column at the left shows our seven-day reach in our largest markets. All in, we reach 76 percent of adults. Of those, 50 percent are print readers and 32 percent access our digital products. Thirteen percent say they “use” the newspaper for such information as advertising, entertainment listings and sports scores.

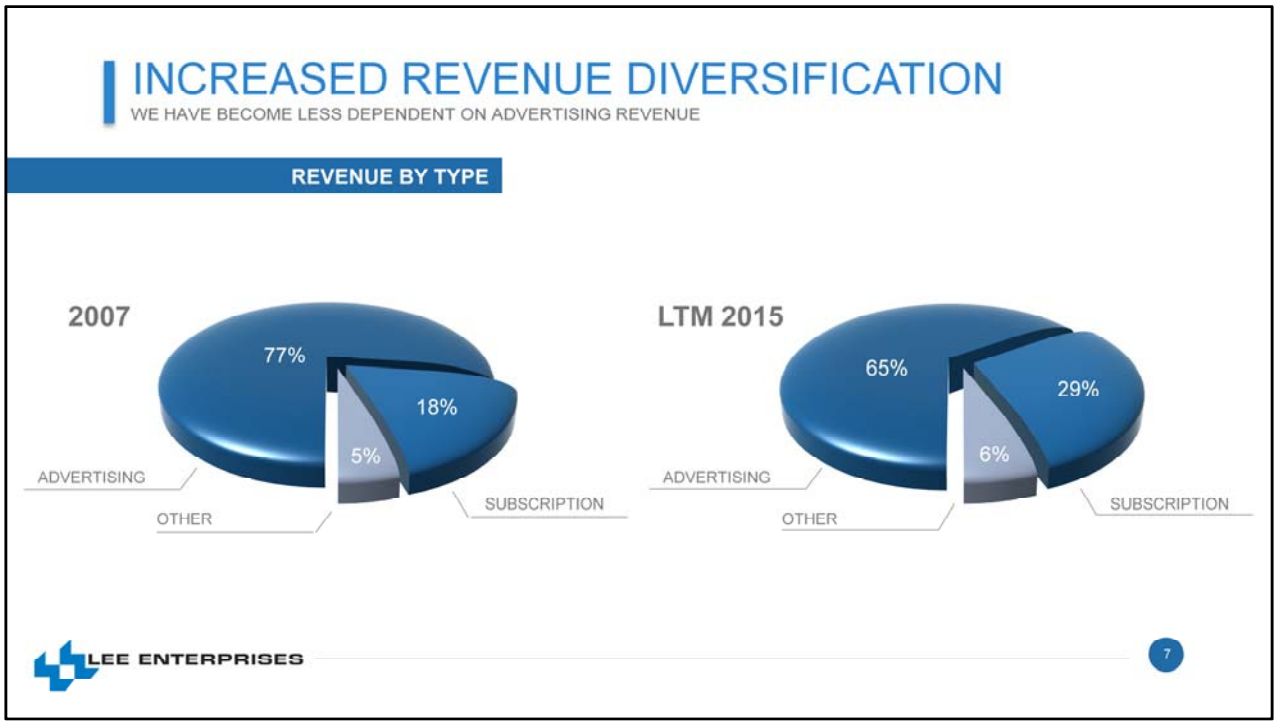
Our audience is migrating from using print exclusively to using a combination of print and digital or digital only. More than 1/3 of our full access subscribers have activated their digital subscription, and that percentage is growing.

We remain highly relevant to all age groups and reach 72 percent of millennials. Although this age group is more likely to use our digital products, 40 percent read our printed newspapers; 33 percent access us using websites and apps; and, 19 percent use us for such things as advertising, sports scores and entertainment listings.



Our audience strength extends across all of Lee. This is a look at the larger markets, and we believe our audience strength is even greater in our smaller markets.

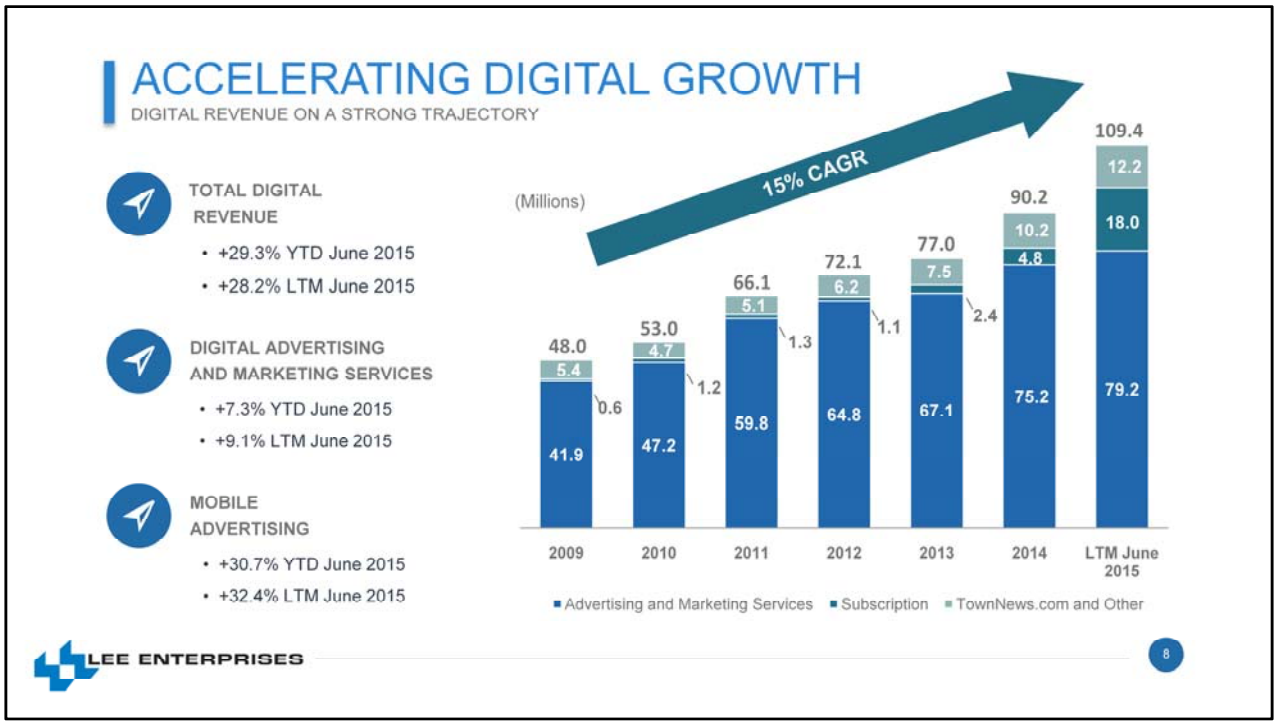
These big local audiences are a key competitive advantage for us and have huge appeal to our advertisers.



A couple of comments on revenue diversification: our revenue base has diversified over the last several years with subscription revenue representing a growing share. As you can see on the right, today 29% of our revenue is subscription-based versus only 18% in 2007. At the same time, advertising's share is now 65%.

As you know, our industry faces challenges in some segments of print advertising, but print remains a very effective way for many advertisers to reach their customers. While we're confident we're taking the right steps to maximize print opportunities, we've made significant investments in our digital sales expertise and infrastructure and will continue to do so. Kevin will share more detail on these initiatives in a moment.

Because of these efforts, the share of digital advertising has continued to grow. In the June quarter, 21% of our ad revenue was from digital, and we expect further growth.



Our digital revenue growth has been excellent as shown here with a 15 percent compound annual growth rate since 2009.

Year-to-date, total digital revenue has increased more than 29 percent. Digital advertising and marketing services is growing with mobile advertising gaining more than 30 percent year to date.

These gains can be attributed to our ever-expanding suite of digital products and the energy and expertise of our sales force. Digital subscription revenue has also been a key contributor to our growth.

Now, Kevin will share more detail about our strong digital trajectory.

Thank you Mary.

This slide depicts our expansive suite of digital products across all platforms and includes: targeted display; geo, site and search retargeting; search engine marketing; social media management; and web site design & hosting — just to name a few.

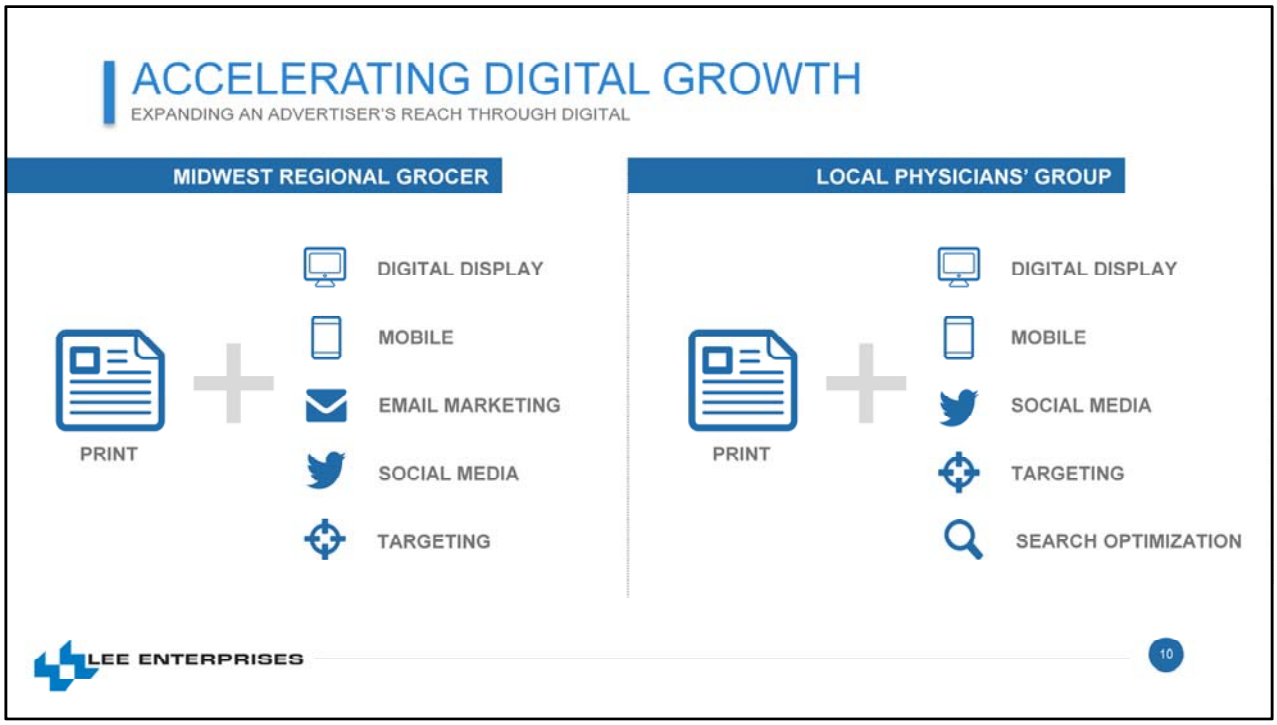
In addition to the significant investment we've made in product development, we've hired and trained more digital elite specialists, giving us an even greater advantage over other media competitors. We have marketing solutions for every conceivable customer. We're truly a one-stop shop.

Our "Big Pitch" initiative aimed at medium and larger advertisers has proven to be highly successful. Using creativity as a focus, "Big Pitch" presentations showcase a diverse media mix including print and digital which match up with more complex advertising needs. By combining print and digital, we maximize the advertiser's audience and drive results.

We've launched an agency called Amplified Digital to pursue our most highly complex and sophisticated clients. This full service agency offers a complete array of digital products, plus creative campaign development; high-end website design and hosting; and media planning and placement across a wide range of traditional and digital media.

An outbound-calling telesales force provides basic digital display, search, social media marketing and fulfillment to smaller businesses.

Finally, our one-stop shop provides advertisers detailed reporting to track the key metrics of their campaign performance.



We have excellent, long-standing relationships with advertisers which give us leverage to sell our full array of digital products in addition to print.

Let's take a look at a couple of recent examples.

On the left, we have a Midwest regional grocer who is a long-time newspaper advertiser. Because of our digital expertise and product offerings, this grocer's media mix has grown to include full-color print and print inserts; plus digital display, mobile, email marketing, audience targeting and social media management. They've also signed on to sponsor reader contests and special content for the holiday season, taking full advantage of our broad audience in their markets.

On the right is a local physicians' group. Not only did we add local digital display and out-of-network display to their print buy, we also sold them social media retargeting; and, we significantly improved their search engine presence using keyword ranking, link-building and content creation. This helps them show up higher in search results.

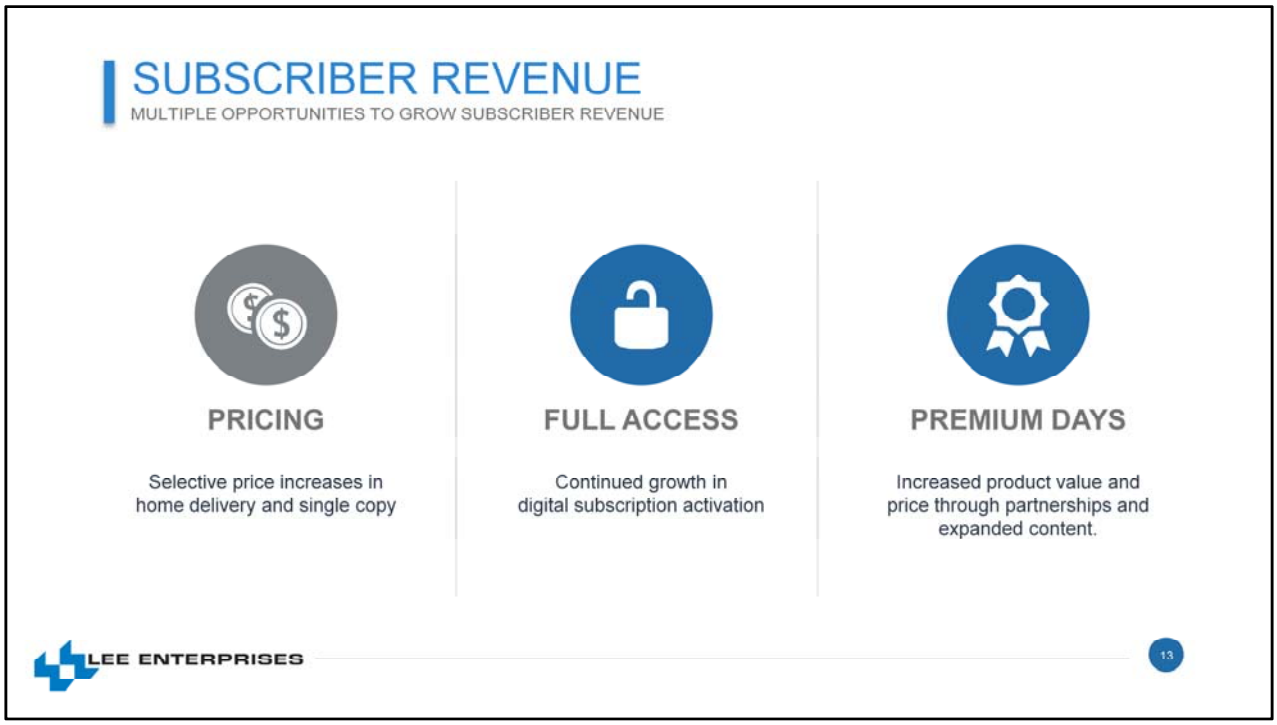
In both of these cases, we've combined the power of our print products with our extensive digital capability to deliver the advertiser's message to a massive local audience — and grow their business!

Here's one more example of how we support an advertiser's brand across our many products and services. Our agency provides a complete marketing solution for this large eye care retailer with more than 20 locations in the Midwest. Their program includes print, digital display and search advertising; and, the agency's creative team also designed and developed this company's website.

These are just a few examples. Across Lee, there are thousands of advertisers using this multi-media approach to reach our local audiences. It's how we sell, and how we drive revenue in all of our products — print and digital.

TownNews, our subsidiary, provides content management and digital services for web, print, mobile and social products to Lee Enterprises properties and more than 1,600 other newspapers. According to Reynolds Journalism Institute, TownNews is the number one content management provider for daily newspapers in the United States. The largest customers outside Lee are the Berkshire Hathaway Newspapers — BH Media, CNHI and Schurz with sales efforts underway to expand to others.

TownNews has expanded its services to customers and now is providing ad serving and targeted digital advertising. Across the TownNews platform, there are 1.5 billion impressions per month, and we aim to monetize this massive audience through sophisticated programmatic ad serving. We see this as a significant opportunity for continued revenue and cash flow growth at TownNews.



Subscriber revenue is growing, and we see opportunities to continue that growth. We have developed a methodology to make selective, targeted price increases in both home delivery and single copy. The results have been excellent to date, and we feel there's still room for more growth.

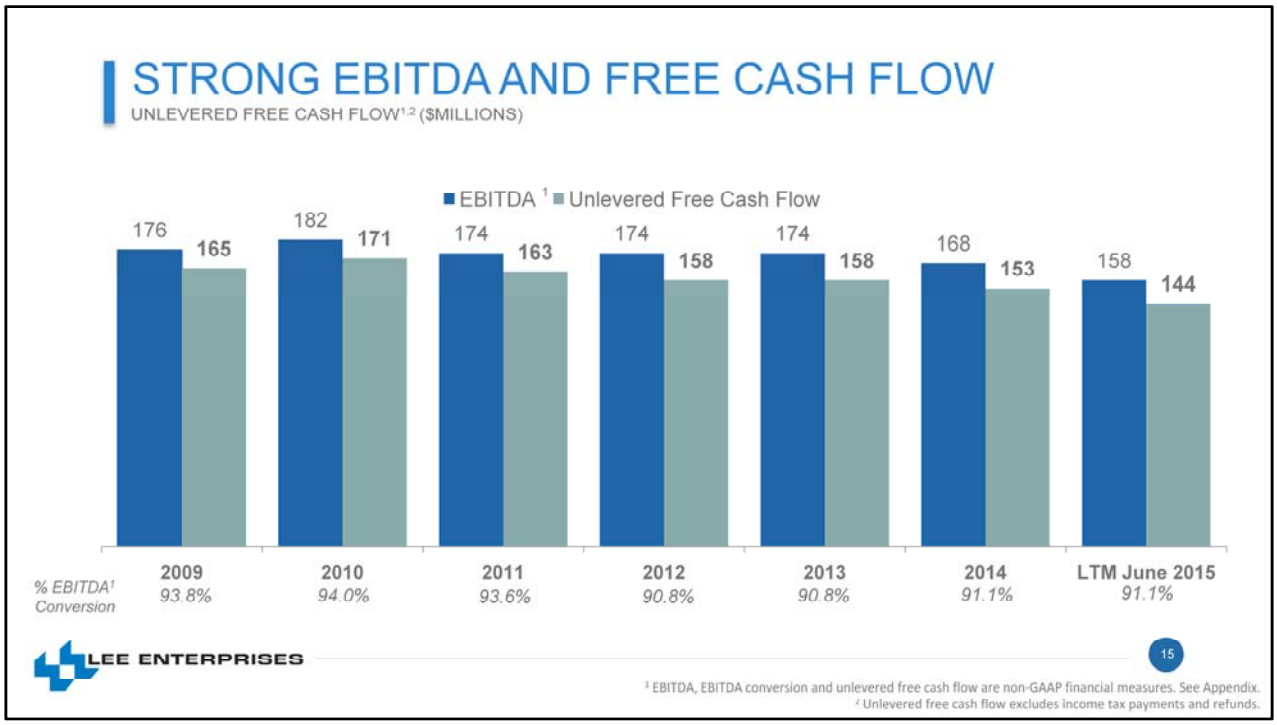
Full access — a program that provides subscribers access to both print and digital for one price — is now in place in substantially all Lee markets. And, the number of digital subscription activations continues to grow, helping us expand and develop our digital audience. About 35% of full access subscribers have activated their digital subscription.

We're also improving reader experience and adding value to our products through a program we call "premium days." Through our own expanded content and by partnering with other content providers, we can offer special products on specific days and charge a premium for that content.

Here's a look at a few pages from a premium day published just last week. In an innovative partnership with Meredith Corporation, we published "Better" — a beautifully designed, 28-page section featuring content focused on the coming holiday season. This striking photography and editorial content is the best of Meredith's publications Better Homes and Gardens, Family Circle and more.

We are excited about the future of this partnership and see it as a win-win for Lee and Meredith. We provide our readers the added value of this wonderful content, and Meredith reaches the massive audiences in our markets with it's brands.

Now our CFO, Ron Mayo, is going to share some financial highlights.

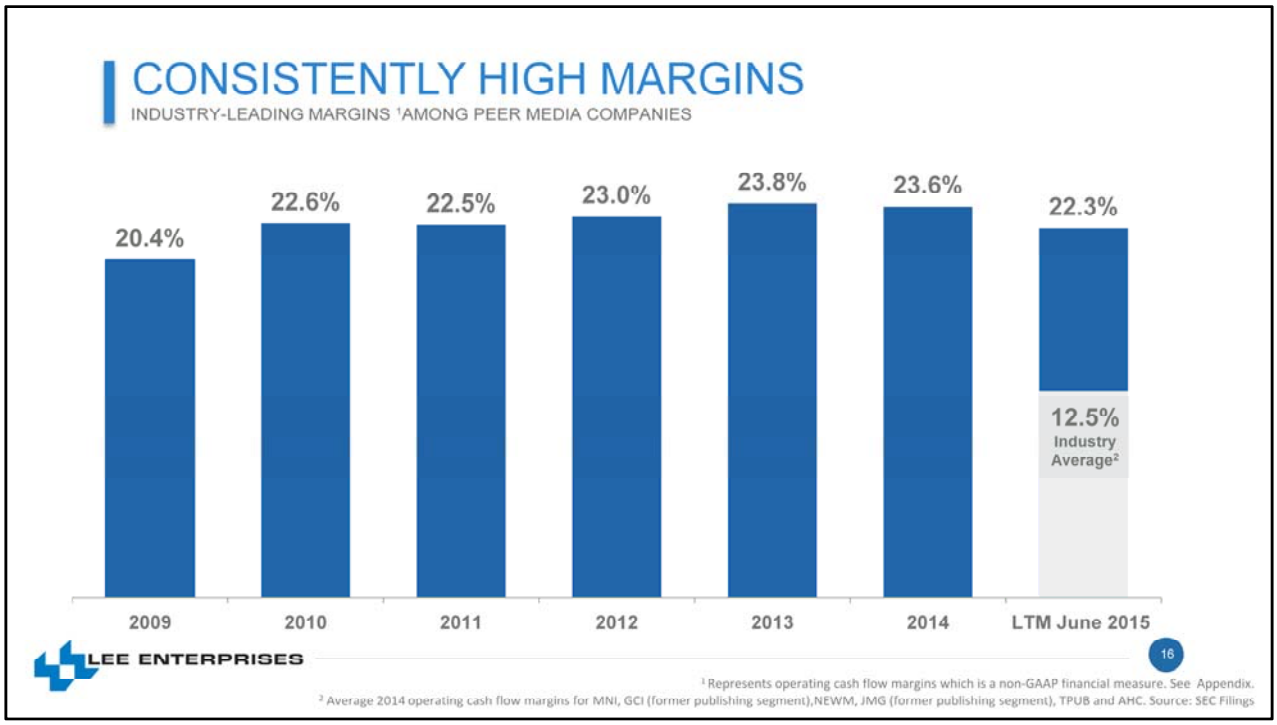


We have maintained strong EBITDA and free cash flow for the past several years. We have consistently converted over 90% of our EBITDA to unlevered free cash flow.

EBITDA includes our 50% share from the EBITDA of the Tucson, Arizona, and Madison, Wisconsin newspapers, which are reported under the equity method in our financial statements. Lee's 50% share of the EBITDA — after capital expenditures — from Tucson and Madison are regularly distributed to Lee. Cash distributions from these investments were $10.5 million for the LTM period ended June, 2015.

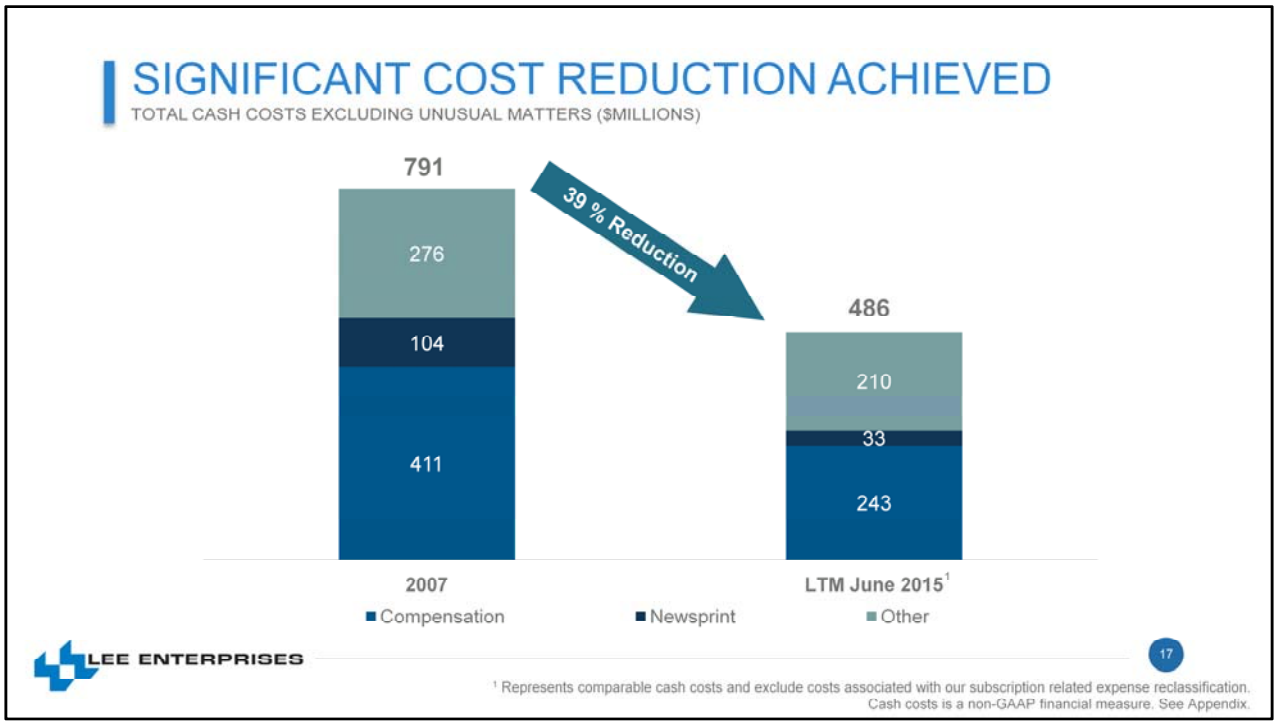
Some other factors that impact unlevered free cash flow are capital spending and pension payments, which, in 2015, we expect to be $10.5 million and $3.6 million respectively.

We have a federal NOL carry forward of about $163 million as of September 2014, and we don't expect to make any significant tax payments in 2015 or 2016.



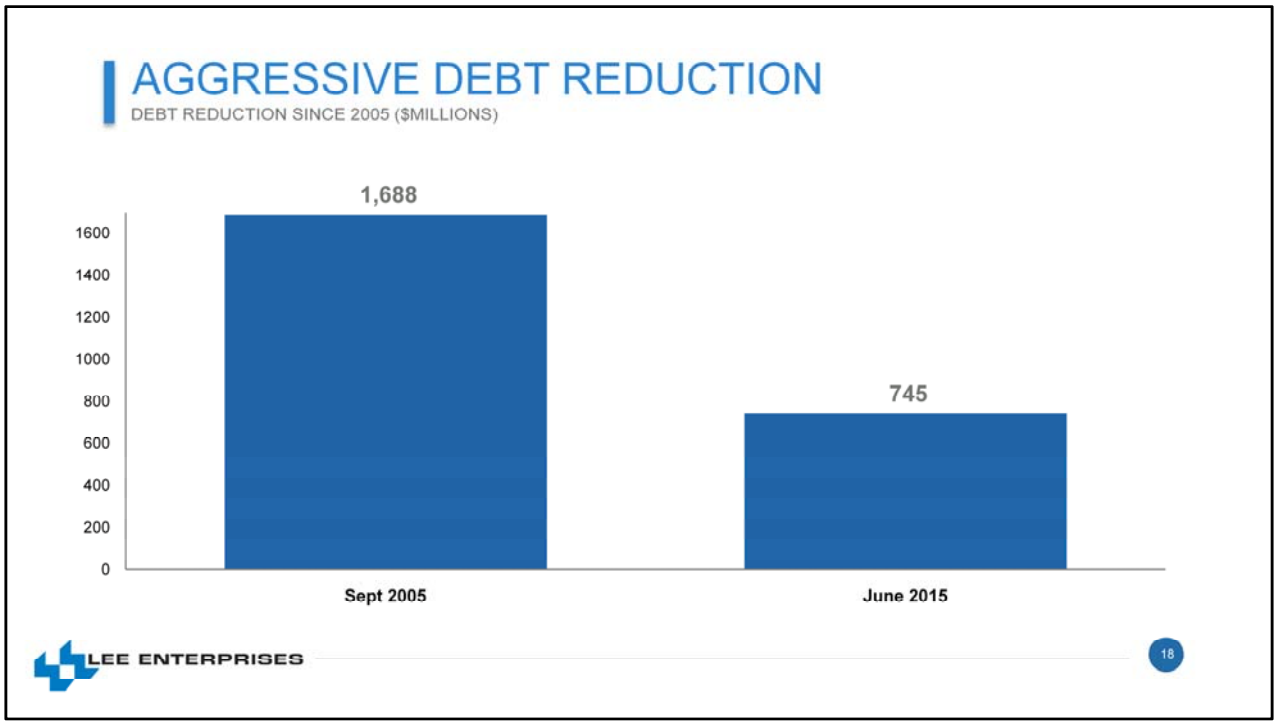
We're very proud of the consistently high margins we reported over the past several years. By aggressively driving revenue combined with effective cost control, we have consistently maintained high margins. Our margins significantly outpace the industry average of 12.5% shown above in grey. Of our closest industry peers, the highest margin was 18.0% and the lowest was 6.2%.

Our consistently high margins translate into our strong EBITDA and free cash flow performance year after year.



One of the keys to maintaining our high level of free cash flow and margins is continuous cost management. Since 2007, we have reduced our costs by $305 million, or 39 percent. We have significantly changed the way we operate our business during that time frame. Business transformation from both a revenue and expense perspective is a key priority of our management team.

We expect Q4 cost reductions to meet the upper end of our previously-released Q4 cost guidance of 5.5 - 6.0%. Because substantially all of the reductions were part of our business transformation efforts, they will also reduce our cash costs in 2016.



We have steadily and consistently reduced debt over the last 10 years, with total debt reductions approaching $1 billion.

We expect our substantial debt reductions to continue as we will use all of our available free cash flow to reduce debt. For the LTM period ended June, 2015, we reduced total debt by $70 million.

With the quarter closing last week, I can also provide a preliminary update on debt at September 2015. We expect total debt to be approximately $726 million, a $19 million reduction in the quarter.

BENEFICIAL DEBT STRUCTURE AND MATURITIES

$25 MILLION IN REQUIRED MATURITIES IN 2016, 2017 AND 2018

($Millions)

	Maturity	March 2014 Refinancing	June 2015
Pulitzer Notes	Apr 2017	45	--
1st Lien Term Loan	Mar 2019	250	195
1st Lien Notes	Mar 2022	400	400
2nd Lien Term Loan	Dec 2022	150	150
Total		845	745
Leverage Ratio[1]		4.8	4.6
Required LTM Debt Reduction ($millions)		N/A	25
Actual LTM Debt Reduction ($millions)		N/A	70

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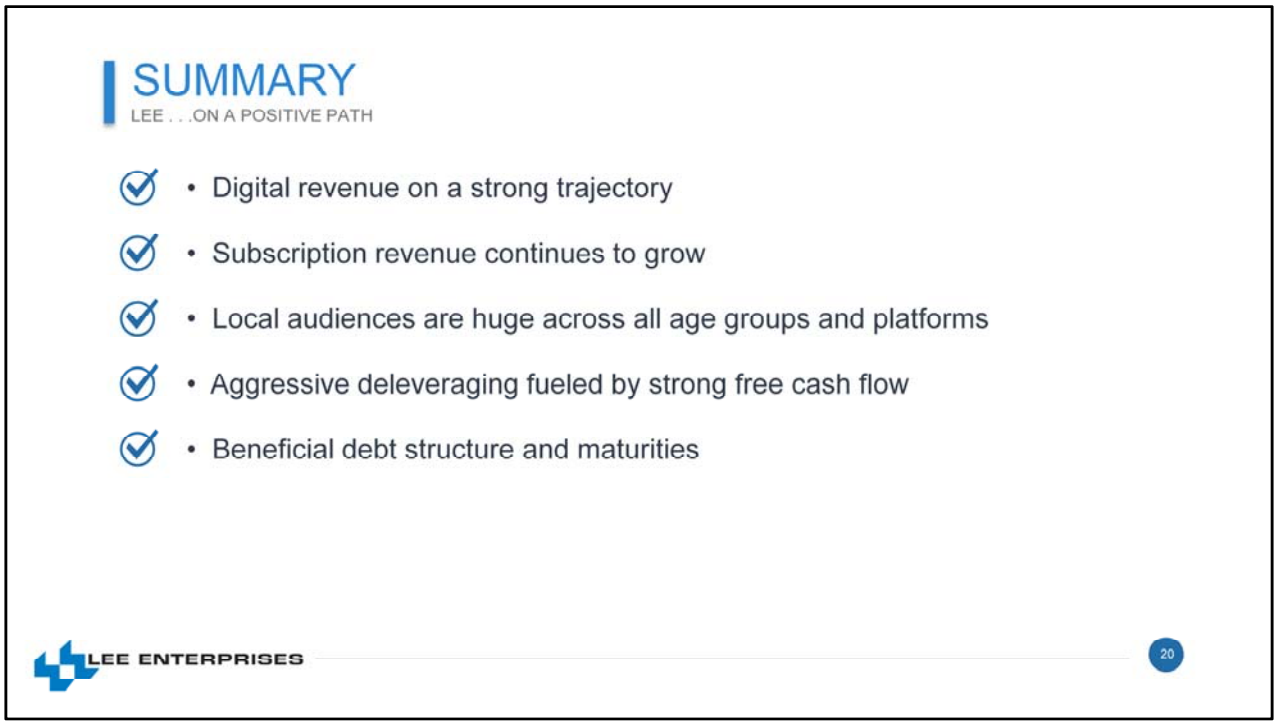
[1]Leverage ratio is a non-GAAP financial measure and is defined as debt, net of cash, divided by LTM EBITDA.

The March 2014 debt restructuring provided us with a long runway and small annual maturities.

The repayment of the Pulitzer Notes nearly two years early gives us increased flexibility to pay down our debt. Pulitzer excess cash flow now can be used to pay down the 2nd Lien Term Loan at par, if accepted. To the extent payments are declined by 2nd Lien lenders, the cash will be used to pay down the 1st Lien Term Loan or repurchase our 1st Lien Notes on the open market, if notes can be purchased at a discount. Note that after March, 2017, 2nd Lien lenders no longer have the option to decline excess cash flow payments.

We also have a real estate monetization program in place. In September, we closed the sale of Pulitzer real estate in Napa, California for more than $5 million and used the proceeds to prepay the 2nd Lien Term Loan at par. We have another $10 million in property currently listed for sale. Substantially all proceeds from any real estate sales will be used to further reduce debt. Proceeds from the sale of Pulitzer assets will be used to reduce the 2nd Lien Term Loan — our highest cost of capital — at par. The majority of the real estate currently listed for sale is Pulitzer real estate.

Since the refinancing in March of 2014 and through the end of the September 2015 quarter, we have reduced debt $119 million.



Mary:

To summarize:

We’re upbeat about our accomplishments, and we’re on a positive path.

Digital revenue is on a strong trajectory. Subscription revenue continues to grow, and the audiences in our markets are huge across all age groups and platforms.

Steady free cash flow has fueled aggressive deleveraging — keeping us ahead of schedule in retiring debt. And moving forward, we have a beneficial debt structure with small annual maturities.

Finally, I will close by sharing a brief comment about our fourth quarter. We completed the fourth quarter and year end on September 27th. Our preliminary results for the quarter show us beating the prior year EBITDA, excluding unusual matters.

Thank you for the opportunity to share our story. We’re happy to take questions.

APPENDIX

RELEVANT BACKGROUND

- Lee has a fiscal year ending the last Sunday in September.
- Reported revenue, expenses and results exclude 50% owned ventures in Tucson, AZ ("TNI") and Madison, WI ("MNI"), which are accounted for using the equity method.
- All information has been restated to exclude divestitures in 2008 and 2013.
- Results in 2014 and 2015 include the impact of a subscription-related expense reclassification as a result of moving to fee-for-service delivery contracts at several of our newspapers. This reclassification increased both print subscription revenue and operating expenses with no impact on operating cash flow or operating income. Certain delivery expenses were previously reported as a reduction of revenue.

APPENDIX

FREE CASH FLOW RECONCILIATION ($MILLIONS)

	2009		2010		2011		2012		2013		2014		LTM June 2015	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Operating income (loss)	**(173.6)**	***(21.7%)***	**149.0**	***20.0%***	**(100.9)**	***(14.0%)***	**103.4**	***14.6%***	**(57.3)**	***(8.5%)***	**113.2**	***17.2%***	**103.2**	***15.8%***
Equity in earnings of TNI and MNI	(5.1)	*(0.6)*	(7.6)	*(1.0)*	(6.2)	*(0.9)*	(7.2)	*(1.0)*	(8.7)	*(1.3)*	(8.3)	*(1.3)*	(8.1)	*(1.2)*
Depreciation and amortization	77.1	*9.6*	71.8	*9.7*	69.2	*9.6*	65.1	*9.2*	55.5	*8.2*	48.5	*7.4*	48.5	*7.4*
Loss (gain) on sales of assets, net	0.2	-	(0.8)	*(0.1)*	0.3	-	-	-	0.1	-	(1.3)	*(0.2)*	0.9	*(0.1)*
Impairment of intangible and other assets	264.5	*33.0*	0.9	*0.1*	216.2	*29.9*	1.4	*0.2*	171.1	*25.4*	3.0	*0.5*	0.5	-
Curtailment gains	-	-	(45.0)	*(6.1)*	(16.1)	*(2.2)*	-	-	-	-	-	-	-	-
Operating cash flow	**163.1**	***20.4%***	**168.3**	***22.6%***	**162.5**	***22.5%***	**162.7**	***23.0%***	**160.7**	***23.8%***	**155.1**	***23.6%***	**145.1**	***22.3%***
Ownership share of MNI EBITDA	5.5		6.7		5.8		5.8		6.0		5.9		6.1	
Ownership share of TNI EBITDA	3.9		5.3		4.2		4.8		5.8		5.3		5.0	
Stock compensation	3.0		2.0		1.3		1.1		1.3		1.5		2.0	
EBITDA	**175.6**		**182.3**		**173.7**		**174.4**		**173.8**		**167.8**		**158.3**	
Capital expenditures, net of insurance proceeds	(10.4)		(9.2)		(7.4)		(7.8)		(9.7)		(11.8)		(11.3)	
Remove EBITDA from TNI and MNI	(9.4)		(12.0)		(9.9)		(10.6)		(11.8)		(11.3)		(11.1)	
Distributions from MNI	2.0		3.9		3.4		3.9		5.3		4.8		5.0	
Distributions from TNI	6.1		3.8		4.9		5.2		6.1		5.2		5.5	
Pension contributions	-		-		(2.1)		(6.8)		(6.0)		(1.5)		(2.4)	
Cash income tax refunds (payments)	(5.3)		(3.8)		(10.5)		1.1		9.1		6.0		0.2	
Unlevered free cash flow	**158.6**		**165.0**		**152.1**		**159.4**		**166.8**		**159.2**		**144.1**	
Financial income	1.9		0.4		0.3		0.2		0.3		0.4		0.3	
Interest expect to be settled in cash	(79.2)		(63.7)		(52.6)		(78.3)		(84.0)		(77.3)		(74.0)	
Debt financing and reorganization costs	(20.1)		(0.5)		(11.0)		(32.4)		(1.1)		(31.0)		(0.0)	
Free cash flow	**55.2**		**101.2**		**88.2**		**48.9**		**82.0**		**50.7**		**69.6**	

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APPENDIX

NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related GAAP financial measure. However, we believe the use of non-GAAP financial measures provides meaningful supplemental information with which to evaluate our financial performance, or assist in forecasting and analyzing future periods. We also believe such non-GAAP financial measures are alternative indicators of performance used by investors, lenders, rating agencies and financial analysts to estimate the value of a publishing business and its ability to meet debt service requirements.

The non-GAAP financial measures utilized by us are defined as follows:

EBITDA is defined as operating income (loss), plus depreciation, amortization, impairment charges, stock compensation and 50% of EBITDA from TNI and MNI, minus equity in earnings of associated companies and curtailment gains. *EBITDA Conversion* is the percentage of unlevered free cash flow to EBITDA.

Cash Costs are defined as compensation, newsprint and ink, other operating expenses and certain unusual matters, such as workforce adjustment costs. Depreciation, amortization, impairment charges, other non-cash operating expenses and other unusual matters are excluded.

Operating Cash Flow is defined as operating income (loss) plus depreciation, amortization and impairment charges, minus equity in earnings of TNI and MNI and curtailment gains. *Operating Cash Flow Margin* is defined as operating cash flow divided by operating revenue.

Unlevered Free Cash Flow is defined as operating income (loss), plus depreciation, amortization, impairment charges, stock compensation, and distributions from TNI and MNI, minus equity in earnings of TNI and MNI, curtailment gains, pension contributions and capital expenditures. Changes in working capital, asset sales, minority interest and discontinued operations are excluded. *Free Cash Flow* also includes financial income, interest expense and debt financing and reorganization costs.

We also present selected information for Lee Legacy and Pulitzer Inc. ("Pulitzer"). Lee Legacy constitutes the business of the Company, including MNI, but excluding Pulitzer and TNI.

A copy of this presentation, including the related text, is available at www.lee.net.