

LEE ENTERPRISES, INC  
Form PRE 14A  
December 30, 2005

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

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

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials

“ Soliciting Material Pursuant to §240.14a-12

**LEE ENTERPRISES, INCORPORATED**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

“ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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2) Aggregate number of securities to which transaction applies:

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

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5) Total fee paid:

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.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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201 N. Harrison Street, Suite 600

Davenport, IA 52801

[www.lee.net](http://www.lee.net)

**VIA EDGAR**

Securities and Exchange Commission

450 Fifth Street, N.W.

Washington, D.C. 20549-1004

Re: LEE ENTERPRISES, INCORPORATED  
Commission File No. 1-6227

Gentlemen:

Pursuant to Rule 14a-6(a), we enclose Preliminary Copy of Notice of Annual Meeting and Proxy Statement, a definitive copy of which is scheduled to be mailed January 16, 2006 to stockholders of the captioned corporation in connection with the Annual Meeting of the Stockholders to be held February 22, 2006. Attached thereto as an Appendix is a Preliminary Copy of the Combined Proxy for Common Stock and Class B Common Stock.

If you have any comments, please direct them to the undersigned at 563/333-6608, or to Carl G. Schmidt, Vice President, Chief Financial Officer and Treasurer of the Company, at 563/383-2179.

Sincerely yours,

LEE ENTERPRISES, INCORPORATED

By

**C. D. Waterman III,**  
Secretary

**LEE ENTERPRISES, INCORPORATED**

**201 N. Harrison Street, Suite 600**

**Davenport, Iowa 52801-1924**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD FEBRUARY 22, 2006**

TO THE STOCKHOLDERS:

The Annual Meeting of Stockholders of Lee Enterprises, Incorporated, a Delaware corporation (the Company), will be held at the Figge Art Museum, 225 W. Second Street, Davenport, Iowa, on February 22, 2006, at 9:00 a.m., for the following purposes:

- (1) To elect one director for a term of two years and elect three directors for terms of three years;
- (2) To consider and act upon a proposal to approve the Company's 2005 Supplemental Employee Stock Purchase Plan;
- (3) To consider and act upon a proposal to amend the Company's 1990 Long-Term Incentive Plan; and
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed January 3, 2006 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

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We encourage you to attend the Annual Meeting. However, it is important that your shares be represented whether or not you plan to attend. You may vote by marking, signing and dating the enclosed proxy card and returning it in the postage paid envelope. Stockholders may also vote by telephone or via the Internet. If you attend the meeting, you may withdraw your proxy at that time and vote your shares in person.

C. D. Waterman III, Secretary

Davenport, Iowa

January 16, 2006

**LEE ENTERPRISES, INCORPORATED**

**2006 ANNUAL MEETING OF STOCKHOLDERS**

**PROXY STATEMENT**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the Annual Meeting of Stockholders to be held at the Figge Art Museum, 225 W. Second Street, Davenport, Iowa, on February 22, 2006, at 9:00 a.m., for the purposes set forth in the Notice of Annual Meeting of Stockholders.

The principal executive offices of the Company are located at 201 N. Harrison Street, Suite 600, Davenport, Iowa 52801-1924. This Proxy Statement and the enclosed form of proxy are being mailed to stockholders on or about January 16, 2006, together with a copy of the Company's Annual Report for the fiscal year ended September 30, 2005.

**PROXIES**

Your vote is very important. For this reason, the Board of Directors is requesting that you use the enclosed proxy card to vote your shares. If the accompanying proxy is executed, the shares represented by the proxy will be voted as specified below. You may also vote your shares by delivering your proxy by telephone or via the Internet.

If a broker, bank or other nominee holds your Common Stock, you will receive instructions from them that you must follow in order to have your shares voted. If you hold certificate(s) in your own name as a holder of record, you may vote your Common Stock or Class B Common Stock by signing, dating and mailing the proxy card in the postage paid envelope provided. Alternatively, you may vote your shares in person at the Annual Meeting.

You may revoke the proxy before the Annual Meeting, whether delivered by telephone, Internet or through the mail, by using the telephone voting procedures, the Internet voting procedures or by mailing a signed instrument revoking the proxy to: C. D. Waterman III, Corporate Secretary, Lee Enterprises, Incorporated, 201 N. Harrison Street, Suite 600, Davenport, IA 52801-1924. To be effective, a mailed revocation must be received by the Secretary on or before February 21, 2006. A stockholder may also attend the Annual Meeting in person, withdraw the proxy and vote in person.

**VOTING PROCEDURES**

Stockholders of record at the close of business on January 3, 2006 will be entitled to vote at the Annual Meeting or any adjournment thereof. As of November 30, 2005, there were 38,731,280 shares of Common Stock and 6,936,822 shares of Class B Common Stock outstanding. Each share of Common Stock is entitled to one vote at the Annual Meeting and each share of Class B Common Stock is entitled to ten votes at the meeting. The holders of Common Stock and Class B Common Stock will vote as a

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single class on all matters to be considered at the Annual Meeting.

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

Abstentions from voting will be included for purposes of determining whether the requisite number of affirmative votes is received on any matters other than the election of directors submitted to the stockholders

for vote and, accordingly, will have the same effect as a vote against such matters. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will be considered as present and entitled to vote, but will have no effect on the vote, with respect to that matter.

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

### **PROPOSAL 1 - ELECTION OF DIRECTORS**

One director is to be elected at the Annual Meeting to hold office for a two-year term expiring at the Annual Meeting of Stockholders in 2008 and three directors are to be elected to hold office for three-year terms expiring at the Annual Meeting in 2009.

Proxies will be voted for the election of the nominees unless the stockholder giving the proxy withholds such authority. If as a result of circumstances not now known any of such nominees shall be unable to serve as a director, proxies will be voted for the election of such other person as the Board of Directors may select. Information about the nominees and directors continuing in office, including business experience for at least the last five years, is set forth below:

#### **Nominee for Election as Director with Term Expiring in 2008**

##### **Richard R. Cole, 63**

Dr. Cole is the John Thomas Kerr, Jr. Distinguished Professor at the School of Journalism and Mass Communication, University of North Carolina at Chapel Hill. From 1979 to 2005, Dr. Cole served as dean of the school.

Dr. Cole is a nominee of the Nominating and Corporate Governance Committee of the Board of Directors.

#### **Nominees for Election as Directors with Terms Expiring in 2009**

Each of the individuals named below is a nominee of the Nominating and Corporate Governance Committee of the Board of Directors whose current term expires February 22, 2006.

**William E. Mayer, 65, Director since 1998**

Mr. Mayer is a founding partner of Park Avenue Equity Partners, L.P., New York, NY, a private equity firm. He was a founding partner of Development Capital, LLC, a company that invested in private and public companies, from 1996 to 1999. He is also a director of The Reader's Digest Association, Inc., and a trustee of the Columbia Mutual Funds.

Mr. Mayer is Chairman of the Executive Compensation Committee and a member of the Executive Committee and Nominating and Corporate Governance Committee. Mr. Mayer has been designated as the Company's lead director by the independent directors to preside over executive sessions of non-management directors.

**Gregory P. Schermer, 51, Director since 1999**

Mr. Schermer is Vice President-Interactive Media and Corporate Counsel of the Company. He is also a director of Madison Newspapers, Inc., which is owned 50% by the Company.

**Mark Vittert, 57, Director since 1986**

Mr. Vittert is a private investor.

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

\* \* \* \*

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

**INCUMBENT DIRECTORS WITH TERMS EXPIRING IN 2007**

**Mary E. Junck, 58, Director since 1999**

Ms. Junck was elected Chairman, President and Chief Executive Officer of the Company in January 2002. From January 2001 to January 2002, she served as President and Chief Executive Officer of the Company. She became Executive Vice President and Chief Operating Officer of the Company in May 1999 and President in January 2000. 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. She is also a director of Madison Newspapers, Inc., which is owned 50% by the Company.

Ms. Junck is Chairman of the Executive Committee.

**Andrew E. Newman, 61, Director since 1991**

Mr. Newman is Chairman and Chief Executive Officer of Race Rock International, Inc. and Culinary Essence, LLC, with principal offices in St. Louis, MO, both of which are privately held companies that own and operate restaurants.

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

**Gordon D. Prichett, 64, Director since 1998**

Mr. Prichett is a partner in Cairnwood Cooperative, Boston, MA, a private investment group. He is also Professor of Mathematics, Statistics and Information Systems at Babson College, Babson Park, MA.

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

**INCUMBENT DIRECTORS WITH TERMS EXPIRING IN 2008**

**Nancy S. Donovan, 54, Director since 2003**

Ms. Donovan is a founding partner in Circle Financial Group, LLC, New York, NY, a wealth advisory and private equity firm and the founding partner of Oakmont Partners, LLC, Lake Forest, IL, a private equity firm. From 1989 to 2001 Ms. Donovan was President and Chief Operating Officer of Morgan Stanley Credit Corporation, Riverwoods, IL.

Ms. Donovan is a member of the Audit Committee.

**Herbert W. Moloney III, 54, Director since 2001**

Mr. Moloney is President and Publisher of the *Washington Examiner*. From 2000 to March 2005 he was the Chief Operating Officer, North America, of Vertis, Inc., Baltimore, MD ( Vertis ), a privately held company that provides targeted advertising, media and marketing services.

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

**DIRECTORS MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The Company's Board of Directors met nine times in fiscal 2005.

The Company's Board of Directors has four committees. With the exception of the Executive Committee, each is composed of at least three independent directors and operates under a written charter, which are all available on the Company's website [www.lee.net](http://www.lee.net) by clicking on Governance. The Board of Directors of the Company has examined the relationship between each director and the Company and has determined that Ms. Donovan and Messrs. Mayer, Newman, Prichett and Vittert do not have any direct or material indirect relationship with the Company, other than in their respective capacities as directors, which would compromise their ability to act as independent directors as contemplated under the Listing Standards of the New York Stock Exchange. Vertis, for which Mr. Moloney served as Chief Operating Officer, North America until March 2005, provides the Company, in the normal course of business, with an Internet subscription service that allows access to advertising prototypes. Fees paid by the Company to Vertis for its services totaled \$104,000 in fiscal 2005. 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. The Board of Directors does not consider the relationship between the Company and Vertis to be material to either party, and also considers Mr. Moloney an independent director of the Company.

No incumbent director attended fewer than 75% of the aggregate of (1) the total number of meetings of the Board of Directors and (2) the total number of meetings held by all committees of the Board on which he or she served during fiscal 2005. All of the incumbent directors attended the Company's February 23, 2005 Annual Meeting of Stockholders. All directors are expected to attend each meeting of the Company's Board of Directors and the committees on which they serve and are also expected to attend the Company's annual meeting of stockholders.

**Audit Committee**

The Company's Audit Committee met nine times in fiscal 2005. The Audit Committee has the responsibilities set forth in its charter with respect to the quality and integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the Company's overall risk management profile; the independent public accountant's qualifications and independence; the performance of the Company's internal audit function and independent public accountants; and preparation of the annual Audit Committee Report to be included in the Company's Proxy Statement.

**Executive Compensation Committee**

The Company's Executive Compensation Committee met three times in fiscal 2005. Its functions are to administer the Company's Retirement Account Plan, Supplementary Benefit Plan as Amended and Restated on April 26, 1990, the 1990 Long-Term Incentive Plan as amended, restated and extended on January 26, 1999, the Amended and Restated 1977 Employee Stock Purchase Plan and 2005 Supplemental Employee Stock Purchase Plan; to establish salary ranges and salaries, bonus formulae and bonuses, and participation in other benefit plans or programs for executive officers; to review employment terminations involving payment to any officer or other key executive in excess of \$200,000; to approve employment contracts for executives extending beyond one year; and to approve the position description, performance standards and goals for cash bonus and restricted stock awards for the Chief Executive Officer of the

Company under the Company's 2005 Incentive Compensation Program and to measure her related performance. In addition, the Executive Compensation Committee recommends to the Board of Directors significant employee benefit programs and bonus or other benefit plans affecting individuals on the executive payroll other than elected officers.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee ( NCGC ) met three times in fiscal 2005. Its functions are to consider and recommend to the Board all nominees for possible election and re-election to the Board of Directors, and to consider all matters relating to the size, composition and governance of the Board and the general subject matter, size and composition of Board committees.

The NCGC regularly reviews the composition of the Board of Directors, anticipated openings and whether the addition of directors with particular experiences, skills or characteristics would make the Board of Directors more effective. The NCGC has not established any specific minimum criteria or qualifications that a nominee must possess. Rather, the NCGC seeks directors who possess integrity and other character traits, broad experience, expertise in their field, capacity to understand the Company's business, a willingness to devote adequate time to duties of the Board of Directors and the ability to make independent judgments. The NCGC also considers if a potential nominee will otherwise qualify for membership on the Board of Directors and if the potential nominee will satisfy independence requirements of the New York Stock Exchange. In determining whether to recommend a director for re-election, the NCGC also considers the director's past attendance at meetings and participation in and contributions to the Board of Directors.

Consideration of a nominee for the Board of Directors typically involves a series of internal discussions, review of a nominee's background and experience and interviews of the nominee. In general, nominees are suggested by members of the Board of Directors or officers of the Company. The NCGC then meets to consider and approve the final nominees, and either makes its recommendation to the Board of Directors to fill a vacancy, add an additional member or recommend a slate of nominees to the Board of Directors for nomination or election to the Board of Directors. Director nominees recommended to the NCGC for election at an annual meeting of the stockholders are subject to approval by the full Board of Directors.

The NCGC will consider nominees recommended by the stockholders. The NCGC evaluates nominees proposed by stockholders using the same criteria as other nominees. A written nomination should be mailed or delivered to Mark Vittert, Chairman, NCGC, in care of the Company, at the address shown on the cover of this Proxy Statement. The nomination should include the stockholder's name, address and the class and number of shares of the Company's Common Stock and/or Class B Common Stock owned. It should also include the name, age, business and residence addresses of the individual being nominated, the nominee's principal occupation or employment and the class and number of shares of the Company's Common Stock or Class B Common Stock, if any, owned by the nominee, together with a statement indicating the nominee's willingness to serve, if elected. To assist in the evaluation of nominees recommended by the stockholders, the NCGC may require the nominee to provide any additional information about the nominee as the NCGC may determine appropriate or desirable, including information required to be disclosed in the Company's proxy statement under Regulation 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act ). To be considered by the NCGC for the slate recommended in the proxy statement for the 2007 annual meeting, stockholders must submit the required information to Mr. Vittert by September 15, 2006.

## **CORPORATE GOVERNANCE**

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The Company maintains a corporate governance page on its website which includes key information about its corporate governance initiatives, including the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, and charters for the independent committees of the Board of Directors. The corporate governance page can be found at [www.lee.net](http://www.lee.net) by clicking on Governance. The documents noted above will also be provided without charge to any stockholder who requests them. Any changes to these documents, and any waivers granted by the Company with respect to its Code of Business Conduct and Ethics, will be posted on the Company's website.

The Company's policies and practices reflect corporate governance initiatives that are in compliance with the listing requirements of the New York Stock Exchange and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

The Board of Directors has adopted clear corporate governance policies;

A majority of the board members are independent of the Company and its management;

The independent directors meet regularly without the presence of management;

All members of the Audit Committee, Executive Compensation Committee, and Nominating and Corporate Governance Committee are independent;

The independent directors have designated an independent lead director to chair their meetings and consult with the Company's Chief Executive Officer regarding matters considered by the independent directors;

The charters of the board committees clearly establish their respective roles and responsibilities;

The Company has a Code of Business Conduct and Ethics that is monitored by its Audit Committee and is annually affirmed by its directors and executive officers;

The Company's Code of Business Conduct and Ethics applies to its principal executive officer and all members of its finance staff, including the principal financial and accounting officer;

The Company has a hotline available to all employees, and the Company's Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal controls, or auditing matters; and

The Company's internal audit function maintains critical oversight over the key areas of its business and financial processes and controls, and reports directly to the Company's Audit Committee.

Stockholder communications to either the Board of Directors or the lead director should be sent to William E. Mayer, Lead Director, in care of the Company, at the address shown on the cover of this Proxy Statement.

#### **COMPENSATION OF DIRECTORS**

No Company employee receives any compensation for acting as a director.

For fiscal 2005, the Company paid all non-employee directors a \$35,000 annual retainer. The Lead Director received an additional annual retainer of \$10,000. The Chairman of the Audit Committee received a \$10,000 annual retainer for acting as such and other committee chairmen received an annual retainer of \$5,000. Non-employee directors received \$1,000 for each Board or committee

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meeting attended and \$1,000 for each Board or committee telephonic meeting. Effective January 1, 2006, the annual retainer has been increased to \$40,000, and fees for meetings of the Board attended have been increased to \$2,000. Directors engaged to provide consultative services are normally compensated at the rate of \$1,500 per diem. No non-employee director provided such compensated consultative services in fiscal 2005.

Under the Amended and Restated 1996 Stock Plan for Non-Employee Directors, non-employee directors receive an annual grant of 1,500 shares of Common Stock, and may elect to receive all or 50% of the cash retainer and meeting fees described above in Common Stock of the Company.

The Board of Directors has authorized non-employee directors, prior to the beginning of any Company fiscal year, to elect to defer receipt of all or any part of the cash compensation a director might earn during such year. Amounts so deferred will be paid to the director upon his or her ceasing to be a director or upon attaining any specified age between 60 and 70, together with interest thereon at the average rate of interest earned by the Company on its invested funds during each year. Alternatively, directors may elect to have deferred compensation credited to a rabbi trust established by the Company with an independent trustee, which administers the investment of amounts so credited for the benefit and at the direction of the trust beneficiaries until their accounts are distributed under the deferred compensation plan.

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**EQUITY COMPENSATION PLAN INFORMATION**

Information as of September 30, 2005 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 <sup>(1)(2)</sup>	981,218	\$ 37.76	480,806

(1) 1990 Long-Term Incentive Plan.

(2) Excludes purchase rights accruing under the Company's Amended and Restated 1977 Employee Stock Purchase Plan ( ESPP ), which has a stockholder-approved reserve of 672,000 shares. Under the ESPP, 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. Also, excludes purchase rights accruing under the Company's Supplemental Stock Purchase Plan, (f/k/a the Pulitzer Inc. 2000 Stock Purchase Plan ( Original SPP ) which has, as of September 30, 2005, 376,861 shares available for issuance under the rules of the New York Stock Exchange. Under the Original SPP, each eligible employee of St. Louis Post-Dispatch LLC and STL Distribution Services LLC may purchase shares up to 10% of base compensation on the last business day of each calendar quarter during the offering period at a purchase price per share equal to 85% of the market price on the last business day of each calendar quarter during the offering period.

**PROPOSAL 2 - APPROVAL OF THE 2005**

**SUPPLEMENTAL EMPLOYEE STOCK PURCHASE PLAN**

**Introduction**

On May 19, 2005, to enable employees of certain non-corporate affiliates of the Company to be acquired as part of the Pulitzer Inc. acquisition to purchase Common Stock under a payroll reduction arrangement, the Board of Directors adopted the Original SPP, effective upon the acquisition of Pulitzer Inc. As permitted by the rules of the New York Stock Exchange ( NYSE ), 382,467 shares of Pulitzer Inc.'s common stock (as existed on June 3, 2005) approved for issuance by the Pulitzer Inc. stockholders could be replaced with the Company's Common Stock after the completion of the Pulitzer Inc. merger, subject to certain requirements, without further approval of the Company's stockholders. The Company's Board of Directors authorized 75,000 shares of the Company's Common Stock for purchase under the Original SPP by the employees of St. Louis Post-Dispatch LLC and STL Distribution Services LLC. This offering extends through April 28, 2006. On November 16, 2005, the Board of Directors unanimously approved, and is proposing for stockholder approval, the Lee Enterprises, Incorporated 2005 Supplemental Employee Stock Purchase Plan ( Amended SPP ) to provide for the continuation of the Original SPP after the expiration date of the initial offering. The Amended

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SPP reduces the number of authorized shares of Common Stock approved for issuance from 382,467 shares to 135,000 shares. As required by the NYSE, the Company is seeking stockholder approval of the Amended SPP. As of the date hereof, an aggregate of 376,861 shares of Common Stock remain available for issuance under the Original SPP. On January 3, 2006, the closing sale price of the Common Stock was \$[ ] as reported for NYSE-Composite Transactions.

### **Principal Terms of Amended SPP**

The principal features of the Amended SPP are summarized below. This summary is qualified in its entirety by the provisions of the Amended SPP, a copy of which is attached hereto as Appendix A.

The Amended SPP enables employees of certain non-corporate affiliates of the Company to purchase Common Stock under a payroll reduction arrangement similar to the ESPP, which, by law, may cover only

employees of the Company, its corporate affiliates and majority-owned limited liability companies. Under the Amended SPP, each eligible employee may purchase shares up to 10% of base compensation on the last business day of each calendar quarter during the offering period at a purchase price per share not less than 85% of the closing sale price per share of the Company's Common Stock as recorded on the NYSE-Composite Transaction Tape on the last trading day ( Market Price ) of each calendar quarter during the offering period. Participants in the Amended SPP may also have cash dividends on all of their shares purchased through the Amended SPP automatically reinvested through the administrator's purchase of the Company's Common Stock on the open market. The purchase price of shares purchased by the administrator for participants will be the amount paid on the open market, rather than at a discount to the Market Price. Participants do not incur a commission or service charge when purchasing additional shares of the Company's Common Stock under the Amended SPP using reinvested dividends.

The Executive Compensation Committee of the Board of Directors ( ECC ) determines which non-corporate affiliates will be covered by the Amended SPP. For purposes of the Amended SPP, a non-corporate affiliate is a partnership, limited liability company or other non-corporate entity at least fifty percent of the equity or voting interests of which are owned or controlled, directly or indirectly, by the Company, or any other non-corporate entity designated by the Board of Directors in which the Company has an ownership interest.

The non-corporate affiliates of the Company which participate at January 3, 2006 are the employees of St. Louis Post-Dispatch LLC and STL Distribution Services LLC. If the Amended SPP is approved by the stockholders, the employees of INN Partners, L.C., an Internet service company (doing business as TownNews.com), of which the Company owns 82.5%, will be allowed to participate in the next offering beginning May 1, 2006 under the Amended SPP offering beginning May 1, 2006. The approximate number of employees of these three entities who will be eligible to participate in the Amended SPP is 1,160.

Subject to appropriate adjustment for stock splits and other capital changes, at any point in time, the maximum number of shares of Common Stock available for issuance under the Amended SPP is equal to 135,000, inclusive of the 75,000 shares of the Company's Common Stock authorized for purchase under the Original SPP by the employees of St. Louis Post-Dispatch LLC and STL Distribution Services LLC under the offering ending April 28, 2006. The ECC believes the number of authorized shares is appropriate and sufficient to satisfy the purposes of the Amended SPP through October 1, 2009, the year in which the Company will seek shareholder approval of additional shares of Common Stock for reauthorization of the Company's ESPP.

Participation in the Amended SPP is completely voluntary. Employees who choose to enroll in the Amended SPP must designate up to 10% of their base cash compensation to be withheld during each Amended SPP offering period. Unless changed, an offering period is each three-month calendar quarter. The ECC expects to continue administration of the Amended SPP so that an employee's payroll deductions are limited to the extent necessary to ensure that he or she does not purchase during any calendar year Common Stock that has a fair market value greater than \$25,000. The ECC may further limit the number of shares a participant purchases during any offering period or calendar year in a manner which is consistent with the limitations imposed by law under the Amended SPP.

The amount of an employee's payroll deductions under the Amended SPP is credited to a bookkeeping account maintained in the employee's name. At the end of each offering period, the amount credited to a participant's account is applied to the purchase of shares of Common Stock from the Company at a price equal to at least 85% of the Market Price of the Company's Common Stock at that time, which shares are held in an account for the employee's benefit in certificate form.

An employee may elect to terminate his or her participation during an offering period. An employee's participation automatically terminates upon the termination of his or her employment. Upon termination of participation, payroll deductions cease and the amount credited to the participant's account (representing previous uninvested payroll deductions) is paid in cash to the participant (or the participant's beneficiary). A participant who voluntarily withdraws from the Amended SPP during an offering period may re-enroll for any subsequent offering period for which he or she is an eligible employee.



The Amended SPP will be administered by the ECC. Subject to the provisions of the Amended SPP, the ECC, acting in its sole and absolute discretion, has full power and authority to construe, interpret and apply the terms of the Amended SPP. The Board of Directors may amend or terminate the Amended SPP at any time, subject to stockholder approval of any amendment if and to the extent such approval is necessary or desirable to comply with applicable law or NYSE requirements.

Non-employee directors of the Company are not eligible to participate in the Amended SPP. There are no named executive officers of the Company who are currently eligible to participate in the Original SPP, nor does the ECC currently contemplate that any will participate under the Amended SPP. The following table shows the aggregate number of shares of Common Stock issued under the Original SPP in fiscal 2005, the purchase price per share thereof and the value per share of the 15% discount:

Number of Shares Issued in Fiscal 2005	Purchase Price Per Share of Shares Issued in Fiscal 2005	Value Per Share of the 15% Discount
5,606	\$36.11	\$6.37

#### U.S. Income Tax Considerations

Set forth below is a general summary of the federal income tax consequences associated with purchasing shares of Common Stock pursuant to the Amended SPP. Because it covers employees of the Company's non-corporate affiliates, the Amended SPP does not qualify as an employee stock purchase plan within the meaning of Section 423 of Internal Revenue Code (the "Tax Code").

A participant is taxed on amounts withheld from pay under the Amended SPP in the same way as if those amounts had instead been paid to the participant.

At the end of a quarter, when the amount withheld for a participant is applied to the purchase of Common Stock, the participant will realize ordinary income equal to the 15% purchase price discount. For example, if \$850 is withheld from a participant's pay during a quarter, then, at the end of the quarter, the \$850 will be used to purchase common stock worth \$1,000. The amount of the discount \$150 will constitute taxable wages to the participant and will be subject to income and employment tax withholding.

Upon a later sale of shares of Common Stock purchased under the Amended SPP, a participant's gain or loss will be measured by the difference between the amount realized on the sale and the value of the shares when they were purchased. For example, if shares worth \$1,000 are purchased under the Amended SPP for \$850, and if those shares are later sold for \$1,200, the participant's gain on the sale is \$200 (\$1,200-1,000). Gain or loss realized on the sale of shares acquired under the Amended SPP is long-term or short-term capital gain or loss, depending upon whether the shares are held by the participant for more than one year following the date they are acquired.

The Company recognizes a compensation expense and receives an income tax deduction for the aggregate amount of the 15% purchase price discount in the fiscal year in which the purchase is made.

\* \* \* \*

The affirmative vote of a majority of the voting power of all Common Stock and Class B Common Stock present in person or by proxy, voting as a single class, a quorum being present, will be required for the approval of the foregoing proposal.

**The Board of Directors recommends that stockholders vote FOR Proposal 2 to approve the 2005 Supplemental Employee Stock Purchase Plan.**

**PROPOSAL 3 - APPROVAL OF AMENDMENT  
OF THE LONG-TERM INCENTIVE PLAN**

**Introduction**

The Board of Directors has unanimously approved, and is proposing for stockholder approval, the amended Lee Enterprises, Incorporated Long-Term Incentive Plan (Effective October 1, 1999) (the "LTIP"). The sole amendment to the LTIP is authorization of an additional 1,000,000 shares of the Company's Common Stock in support of future awards under the LTIP. The other material features of the LTIP remain the same as under the terms of the LTIP previously approved by the stockholders. The LTIP was first approved by the stockholders in 1990, and has been utilized as a principal feature of the Company's compensation program continuously since 1990. Although the LTIP has no expiration date, no incentive stock options may be granted under the LTIP after October 1, 2009.

The Board of Directors of the Company believes that the Company's LTIP has proved to be an important means of attracting, retaining and motivating individuals of exceptional training, experience and ability. The Board of Directors also believes that it is vitally important to the success of the Company to continue to provide its key employees with long-term compensation incentives and equity opportunities linked, of course, to the success of the Company's operations and a commensurate return to the stockholders.

**Increased Shares Available for Awards**

The total number of shares of Common Stock currently authorized for grant or issuance under the LTIP is 2,250,000. Under the proposed amendment, the number of shares available for future grant or issuance would be increased to 3,250,000 shares of the Company's Common Stock. This amount is subject to adjustment for stock splits and dividends and certain other corporate changes in accordance with the LTIP and to increase by outstanding options or awards issued under the LTIP which in the future may be forfeited, surrendered or otherwise terminated, unexercised or not vested, and by shares tendered in payment of the option price or withholding taxes in respect of which replacement options are granted, together with all awards available, forfeitures and shares reserved for issuance in respect of all outstanding stock options and restricted Common Stock awards at October 1, 1999. The Board of Directors is recommending the addition of 1,000,000 shares to the total shares available under the LTIP to enable the Company to meet its expected annual awards through October 1, 2009.

If the stockholders approve the amendment to the LTIP, the maximum number of shares that may be issued after January 3, 2006 (the record date for the Annual Meeting), would be increased to 2,258,561 shares. This number represents 1,068,100 shares subject to outstanding awards as of January 3, 2006, 190,461 shares available for, but not yet subject to, a grant or award as of January 3, 2006, plus the additional 1,000,000 shares authorized by the LTIP amendment. The closing price of the Company's Common Stock on the New York Stock Exchange on January 3, 2006 was \$[ ] per share.

The following summary sets forth the principal features of the LTIP. This summary is qualified in its entirety by the complete text of the LTIP set forth in Appendix B to this Proxy Statement.

**Principal Terms of LTIP**

The LTIP is administered by the ECC. No non-employee director is eligible to receive any benefits under the LTIP. However, employee directors of the Board of Directors are eligible. The ECC has broad authority to interpret and amend the LTIP, to make all determinations necessary or advisable for the administration of the LTIP, and to issue and reissue awards under terms and conditions it may deem appropriate. The LTIP places an annual limit of 200,000 shares of the Company's Common Stock available for stock options that may be granted to any one participant. All key employees of the Company, its subsidiaries, and designated affiliates are eligible for awards under the LTIP. In 2005 there were 182 recipients of LTIP awards.

Under the LTIP the ECC has the power to fix and accelerate vesting periods. The ECC presently intends to fix such periods in general so that they are not less than one year.

During the term of the LTIP a change in the outstanding shares of Common Stock may occur because of a stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change or distribution to holders of the Company's Common Stock other than cash dividends. In such circumstances, the ECC may make such substitution or adjustment, if any, as it deems equitable to the number or kind of shares of Common Stock or other securities available for issuance under the LTIP. This may include substitution or adjustment of the number of outstanding stock options or option prices and the number of outstanding awards of other types.

## **Purchase Price and Other Terms**

### **Incentive and Non-Qualified Stock Options**

Incentive stock options are defined in Section 422 of the Tax Code. Non-qualified stock options granted under the LTIP do not meet the requirements of Section 422 of the Tax Code. The ECC may grant both types of stock options, except that incentive stock options can only be granted to participants who are employees of the Company or a subsidiary.

The option price for incentive and non-qualified stock options will be determined by the ECC. For incentive stock options, it may not be less than 100% of the stock's fair market value on the date granted. For non-qualified stock options, the option price may not be less than 50% of the stock's fair market value on the date granted. However, the Company's practice is to issue such options at fair market value on the date of the grant.

Fair market value on any given date for this and other purposes of the LTIP, in the ECC's discretion, will be either i) the average of the high and low prices of the Common Stock of the Company, or ii) the closing price of the Common Stock, on the date on which it is to be valued under the terms of the LTIP, as reported for NYSE-Composite Transactions.

Under the terms of the Company's current forms of Incentive and Non-Qualified Stock Option Agreements, incentive and non-qualified stock options become exercisable in installments of 30% of the shares subject to the option one year after the date of grant, an additional 30% after two years and the final 40% after three years. The options may be exercised at any time prior to ten (10) years from the original grant date.

The forms of Incentive and Non-Qualified Stock Option Agreements also provide that each participant will forfeit non-vested option awards upon termination of employment for any reason other than death, permanent and total disability or retirement (as defined in the Agreements), unless otherwise determined by the ECC.

### **Restricted Stock**

The ECC has the sole authority to determine the number of shares of restricted Common Stock (restricted stock) a participant may receive as an award and the purchase price, if any, to be paid by a participant for such restricted stock. Participants have not paid any purchase price for restricted stock awarded under the LTIP, and the ECC expects to continue this practice. Prior to the lapse of restrictions on shares of restricted stock, a participant will have all other rights of a stockholder with respect to the shares, including all dividends paid in respect thereof, subject to the conditions and restrictions generally applicable to restricted stock or specifically

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set forth in the participant's restricted stock agreement governing the terms of the award.

The Company's current form of Restricted Stock Agreement requires that each participant who receives an award of restricted stock must remain in the employ of the Company for a period of three (3) years or other period as designated by the ECC before restrictions on transfer lapse. Shares of restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered during the restricted period. At the end of the

restricted period, participants (other than affiliates of the Company) are free to dispose of the formerly restricted Common Stock and any resale restrictions lapse.

### **Eligibility Under Section 162(m)**

Awards may, but need not, include performance criteria that satisfy Section 162(m) of the Tax Code. To the extent that awards are intended to qualify as performance-based compensation under Section 162(m), the performance criteria will be based on one or more of the factors set forth in the Company's 2005 Incentive Compensation Program (which was approved by the stockholders at the 2005 Annual Meeting).

### **LTIP Benefits**

Awards under the LTIP in 2005 to the Named Executive Officers are set forth in the columns Long Term Compensation Awards in the Summary Compensation Table, in the Option Grants For Year Ended September 30, 2005 table, and in the Aggregate Option Exercises in Year Ended September 30, 2005 and Fiscal and Fiscal Year- end Option Values tables. In fiscal 2005, options covering 123,850 shares of the Company's Common Stock and 120,710 shares of restricted stock (including the Chief Executive Officer's target award) were granted to current executive officers as a group under the LTIP, and options covering 51,070 shares of the Company's Common Stock and 42,520 shares of restricted stock were granted under the LTIP to all employees (excluding executive officers) as a group. Since it is within the discretion of the ECC to determine which employees are to receive options and restricted stock, it is presently not possible to state which employees are to receive such grants or awards or the number of shares that may be granted.

### **Payment for Securities Purchased Under the Plan**

Payment of the purchase price of Common Stock to be purchased under the LTIP may be made in cash, by note, by the tender of already owned shares of Common Stock (valued at the fair market value on the exercise date) or by a combination of cash and shares of Common Stock.

Payment to exercise vested stock options may also be made by delivering previously awarded restricted stock. Such restricted stock must have been held by a participant for at least one year before it can be used as payment to exercise stock options. The limitations (e.g., holding period) accompanying the restricted stock will remain in effect and applicable to the corresponding number of shares issued upon a stock option exercise until they lapse according to their original terms.

### **Replacement Stock Options**

Under the LTIP, the ECC is authorized to issue accelerated ownership non-qualified stock options. A participant may surrender shares of Common Stock which he or she has owned for at least one year at the time of stock option exercise to pay for shares purchased under the option or as payment for applicable withholding taxes. At that time, a new, non-qualified stock option will be granted to the participant for the number of shares that were turned in. Shares tendered at the time of exercise will be available for issuance under future grants.

The new grant, or replacement option, is priced at the current fair market value at the date of exercise of the original option, but is limited to the term remaining under the original option which the participant exercised. The replacement option may not be exercised for one year after its grant.

**Dividends, Equivalents, and Voting Rights; Cash Payments**

The ECC may provide that any award of restricted stock or other stock-based awards under the LTIP may earn dividends, dividend equivalents and voting rights prior to either vesting or earn-out and cash payments in lieu of or in addition to an award.

### **Payment of Withholding Taxes**

The Company may deduct from all amounts paid in cash any taxes required by law or other amounts authorized by a participant to be withheld.

The ECC may permit a participant who receives an award in the form of Common Stock to satisfy the obligation for such withholding or deduction in either of two ways. First, the ECC may permit the participant to deliver shares of Common Stock already owned. Second, the ECC may permit the Company to retain from the participant's distribution of Common Stock awarded the number of shares of Common Stock having a fair market value equal to the amount to be withheld or deducted.

### **Resale Restrictions**

No LTIP award (including stock options or restricted stock) may be assigned or transferred, and no right or interest of any participant may be subject to any lien, obligation or liability of the participant. An exception is permitted for a transfer under a will or according to the laws of descent or distribution.

### **Change of Control**

The LTIP provides, upon the occurrence of a change of control:

accelerated exercisability and vesting of stock option and restricted stock awards;

cash-outs of non-qualified stock option and restricted stock awards and, in the case of incentive stock options, any stock appreciation rights;

appropriate adjustments or prorations of awards; and

assumption of the awards by a successor to the Company or the issuance of substitute awards.

These provisions are generally available to participants, unless the ECC determines otherwise at the time of grant or accounting treatment necessary to preserve the appropriate accounting for the change-of-control transaction precludes their use.

### **Amendment and Termination**

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The Board of Directors may amend, suspend or terminate the LTIP or any portion thereof and any award hereunder at any time. However, no amendment shall be made without stockholder approval which shall:

increase (except as required for stock dividends, splits, etc.) the total number of shares reserved for issuance pursuant to the LTIP;

change the class of employees eligible to be participants;

decrease the minimum option prices stated therein (other than to change the manner of determining fair market value to conform to any then applicable provision of the Tax Code and regulations thereunder);

extend the expiration date of the LTIP as it applies to incentive stock options; or

withdraw the administration of the LTIP from the ECC.

The ECC may, however, amend the LTIP in such manner as may be necessary to have the LTIP conform with applicable law and rules and regulations thereunder. Also, following a change of control the Board may not amend the LTIP in a manner that would adversely affect any outstanding award of a participant without the written consent of such participant.

The LTIP has no fixed termination date, and may be terminated by the Board at any time. Termination of the LTIP will not affect the status of any awards outstanding at the date of termination.

### **U.S. Income Tax Considerations**

Stock option grants under the LTIP may be intended to qualify as incentive stock options under Section 422 of the Tax Code or may be non-qualified stock options governed by Section 83 of the Tax Code. Generally, no federal income tax is payable by a participant upon the grant of a stock option and no deduction is taken by the Company. Under current tax laws, if a participant exercises a non-qualified stock option, he or she will have taxable income equal to the difference between the market price of the Common Stock on the exercise date and the stock option grant price. The Company will be entitled to a corresponding deduction on its income tax return. A participant will have no taxable income upon exercising an incentive stock option after the applicable holding periods have been satisfied (except that alternative minimum tax may apply), and the Company will receive no deduction when an incentive stock option is exercised. The treatment for a participant of a disposition of shares acquired through the exercise of an option depends on how long the shares were held and on whether the shares were acquired by exercising an incentive stock option or a non-qualified stock option. The Company may be entitled to a deduction in the case of a disposition of shares acquired under an incentive stock option before the applicable holding periods have been satisfied.

Restricted stock is also governed by Section 83 of the Tax Code. Generally, no taxes are due when the award is initially made, but the award becomes taxable when it is no longer subject to a substantial risk of forfeiture (i.e., becomes vested or transferable). Income tax is paid on the value of the stock at ordinary rates when the restrictions lapse, and then at capital gain rates when the shares are sold.

\* \* \* \*

The affirmative vote of a majority of the voting power of all Common Stock and Class B Common Stock present in person or by proxy, voting as a single class, a quorum being present, will be required for the approval of the foregoing proposal.

**The Board of Directors recommends that stockholders vote FOR Proposal 3 to amend the Long-Term Incentive Plan.**

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The following table sets forth information as of November 30, 2005 as to each person known by the Company to own beneficially more than five (5%) percent of the Common Stock or Class B Common Stock of the Company. Holders of Class B Common Stock are entitled to ten votes per share on all matters.

Beneficial Owners	Common Stock	Percent <sup>(1)</sup> of Class	Class B Common Stock	Percent of Class
Private Capital Management, L.P. <sup>(2)</sup> 8889 Pelican Bay Blvd. Naples, FL 34108	8,150,889	20.6%	---	---%