

From the President:

Under Dick Gottlieb's leadership, Lee Enterprises has grown to 28 daily newspapers and more than 100 other publications, along with related online services, from the Midwest to the Pacific Northwest. It's a good platform for continued growth.

Here are some of the things we accomplished in 2000 and are working on in 2001:

As Dick mentioned on the preceding page, we changed the strategic direction of the company to focus on our core strength. We sold our television stations for a very good price and will use the proceeds for newspaper acquisitions when the right opportunities occur.

We're interested in buying papers with circulation of 30,000 or more serving markets like ones we're already in — midsize communities with above-average growth, where we can build close relationships with our advertisers and readers.

We're also interested in smaller publishing acquisitions that advance our clustering strategy. In this past year, for example, we added six small dailies and three-dozen weeklies and other publications to complement our papers in Lincoln, Nebraska; Madison, Wisconsin; Mason City, Iowa; Missoula, Montana; and La Crosse, Wisconsin/Winona, Minnesota.

We're concentrating on three key priorities — revenue growth, strong local news and online development.

First, we want to grow revenue more aggressively, creatively and rapidly.

To do that, we have improved our sales and marketing capability. We recruited a high-caliber vice president, Michael Phelps. We are increasing the size of our advertising sales force by about 100 positions, or roughly 12%. We have revitalized our sales management training and conducted a



revenue summit for our publishers. We have reinvented our team sales efforts, matching a specially trained task force with local reps to blitz new and inactive accounts. We have instituted a better process for reviewing advertising rates company-wide. Also, we have rewritten incentive plans for publishers and key leaders to emphasize revenue growth along with the bottom line.

Our publishers and key leaders carry a business card that lists 10 revenue action steps to help us meet our goals. The other side of the card lists the three top priorities, as shown above.

Along with revenue growth, we're focusing on improving our local news content.

We believe strong local journalism is central to our company's success. It's why we're in business; it's where we draw our strength, and it's how we guarantee our future. We talk about it in board meetings, monthly reports, budget reviews and at just about every opportunity.

This past year, our editors developed a set of principles and practices for quality journalism. Our newsrooms used those principles and practices as the basis for self-audits to help plan product improvements in 2001. The plans include redesigns, new sections, new services and new