

July 18, 2016

Dear Detroit Legal News Company Shareholder,

We're solidly moving into election season and this bodes well for the Inland Press division earnings. The first half of the year has been solid for Inland. However, the same cannot be said for the newspaper side of the business. Public notice volume continues to fall along with resulting revenues. This decrease in notices and earnings has possibly created an accounting issue that may have to be dealt with. Let me explain as simply as possible.

When we have purchased newspapers in the past, we've added an asset called "Goodwill". Because newspapers generally don't have many hard assets (real estate, equipment, etc.) the purchase price of the newspaper in excess of these hard assets is considered goodwill and shown on the balance sheet as an asset. Goodwill is not depreciated or amortized over a period of time. However, accounting standards require that we test to ensure that this goodwill amount is not impaired. An impairment would occur when the amount shown as goodwill exceeds the fair market value of the asset. To date, we have not recognized any goodwill impairment.

However, because of the falling volumes and resulting profits, we may be getting to a point where a goodwill impairment could occur. We don't have enough data to make this determination at this point. Management will closely study this and should have enough data to make that determination and promptly inform you of it by year-end. Should a goodwill impairment occur, the impairment amount is an expense to the DLNP Income Statement in the year that the impairment occurs. It has no effect on cash, as it is a non-cash entry.

It's very important to note that this in no way indicates that the purchase of these newspapers was a bad investment, quite the contrary. The entire amount of goodwill on the DLNP balance sheet is \$5.5 million of which 55% is DLN Co.'s. These newspapers have generated many times that amount for us in pre-tax profit over the last fifteen years.

The Board of Directors declared a second quarter dividend of \$2.00 per share to shareholders of record as of July 10, 2016, payable on July 20, 2016. Your check is enclosed.

Please feel free to contact me with any questions or comments.

Sincerely,

Bradley L. Thompson II
Chairman

SELECTED FINANCIAL DATA
SECOND QUARTER, 2016
(UNAUDITED)

	<u>2016</u>	<u>2015</u>
SALES	10,125,467	10,744,689
COST OF SALES	<u>6,073,807</u>	<u>6,406,118</u>
GROSS PROFIT	4,051,660	4,338,571
SELLING G AND A	<u>3,362,381</u>	<u>3,275,331</u>
OPERATING PROFIT	689,279	1,063,240
GAIN ON SALE OF BUILDING	-	1,119,400
OTHER INCOME	<u>78,824</u>	<u>115,271</u>
INCOME BEFORE TAX	768,103	2,297,911
INCOME TAX EXPENSE	<u>180,000</u>	<u>644,000</u> *
NET INCOME	588,103	1,653,911
NONCONTROLLING INTEREST	<u>(298,364)</u>	<u>(593,601)</u>
NET INCOME DLN	<u>289,739</u>	<u>1,060,310</u>
 EARNINGS PER SHARE	 \$7.67	 \$28.08

*Reflects installment sale method adopted for tax purposes at year end. Includes both current and deferred tax expense for book purposes.

NOTE: The summary above is not a complete income statement. The summary above is unaudited and subject to adjustment. Unaudited financial statements are not subject to testing by independent certified public accountants and do not include the notes that are part of audited financial statements.

This communication does not include all the material information that a reasonable investor would want to know in connection with the purchase or sale of the Company's securities.

Note Regarding Forward-Looking Statements: Some of the statements and assumptions in this communication may be considered forward-looking statements. Important factors could cause actual results to differ, possibly materially, from those in the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.